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Israelis Block 3 Main Routes In Occupied South Lebanon

Compiled by Our Staff From Dispatches

SIDON, Lebanon — Israeli forces closed all roads from northern Lebanon into occupied southern Lebanon with barbed wire Friday as protests, which started yesterday in the southern port city of Sidon, spread throughout the country.

Near Tyre, gunmen hidden in an age grove fired on an Israeli supply convoy, United Nations sources said. A UN convoy was shot in the cross fire, the sources said. There were no casualties.

Israeli officers said that the three Jordan River crossing points — at Awali Bridge on the coast, at Bridge 15 kilometers (about 9 miles) inland and at Niha in the Chouf hills — would be renamed to vehicles and pedestrians today. They gave no explanation of the action.

The Awali River is Israel's northern defense line in Lebanon since Israeli forces withdrew from the Beirut area. The closure of the bridges followed a marked escalation in anti-Israeli resistance activity in the north and a general strike against occupation in Sidon.

Prime Minister Shafiq al-Wazir of Lebanon deplored the closure of the bridges and asked Foreign Minister Elie Sallem to send a note of protest to international bodies, including the United Nations, according to Beirut radio.

Moslem leaders arranged more anti-Israeli protests in Sidon's mosques on Friday while their col-

leagues in Beirut staged mosque sit-ins in solidarity with the southerners.

In Sidon, Israeli troops with guard dogs entered a mosque and herded out worshippers to conduct a search, according to state radio and local reporters.

Mr. Wazzan, who joined demonstrators in a mosque in Beirut, called the incident an "intolerable violation of religious immunity" and told Mr. Sallem to lodge a protest with the United Nations, the Lebanese state radio reported.

Local politicians told Reuters on Thursday that the Israelis were holding about 125 people from Sidon, including two Moslem clerics apparently suspected of encouraging the resistance.

An Israeli military spokesman confirmed the arrests but declined to give details.

Moslems in the northern Lebanese port of Tripoli also joined in the protest, and hundreds of worshippers flocked to the mosques to stage sit-ins.

Former Prime Minister Rashid Karame, Tripoli's leading politician, participated in a sit-in at one of the city's mosques.

Reuters reported that fighting broke out Friday between pro-Syrian and anti-Syrian militias in Tripoli and quoted security sources as saying that one pedestrian had been wounded in the exchange.

The security sources said that automatic weapons were used in the two-hour clash. It was not clear what started the fighting.

Many sectors in Tripoli are controlled by local militias, and the city's leaders are trying to work out a security plan that calls for the disarming of the militias and the takeover of police duties by Lebanon's security forces.

Lebanon's state radio reported that shells and mortars fell on a Lebanese Army base and Christian residential neighborhoods east of Beirut for about a half-hour at mid-afternoon Friday.

(Reuters, UPI, AP)

■ Druze Reiterate Opposition

The Progressive Socialist Party of the Druze leader Walid Jumblat said Friday that it would continue its fight against the government of President Amin Gemayel of Lebanon. Reuters reported from Damascus.

A party statement said that the prospect that interim security agreements might be signed did not mean that a political solution to the Lebanese conflict had been reached.

The statement appeared to be referring to efforts by a Saudi mediator to secure an agreement between rival forces around Beirut.

"We affirm that the PSP will continue fighting against the policies of Amin Gemayel" and his rightist Christian Phalange Party, the statement said.

"We want to see a general political solution for Lebanon," it added, criticizing Lebanese government policies, including censorship of the Beirut press.



AFTER ATTACKS — Israeli soldiers patrolling Friday in the West Bank town of Hebron, where two mosques had been attacked. Jewish extremists claimed the explosions. Page 2.

Arabs, Jews in Israel: Uphill Détente

Personal-Contact Projects Aim to Chip Away Prejudice

By David K. Shipler
New York Times Service

JERUSALEM — On the sixth night of Hanukkah, about 150 Jews and Arabs gathered in a building at the Hebrew University for the lighting of candles and the singing of the Jewish prayer. The Jews then sang Hebrew songs; the Arabs watched and listened respectfully.

It was a rare moment of concord in the broad sweep of Arab-Jewish conflict, a fleeting symbol of the increasing effort being made in Israel by small organizations of Jews and Arabs to struggle against the tide of hatred and suspicion.

The group assembled between classes at the Martin Buber Institute for Adult Education, where the Jews were studying Arabic and the Arabs were studying Hebrew. The Jews came mostly out of an idealistic attitude that one should know the language of one's neighbor; the Arabs out of a pragmatic conviction that one should speak the language of one's ruler.

But language is just the drawing card at the center. The main idea is to get Arabs and Jews together to give them an opportunity to break down the stereotypes that both sides have of each other," according to Sister Rose Theresa, a Roman Catholic nun who helps run the program.

This is one of the older programs, dating from the end of the 1967 war. Other efforts have emerged more recently, usually initiated by liberal-minded or politically leftist Jews who deny anti-Arab prejudice in their society.

The 1982 invasion of Lebanon has had some impact. The painful divisiveness over the morality of

porting an improved atmosphere among his Jewish neighbors in the eight-story building where he and one other Arab family live in the nearby city of Acre.

He was demolishing a wall in his apartment, he said, and carrying out the debris when "a Jewish neighbor came down and said, 'I'm going to help.'

"This was the first time I ever saw a Jew willing to physically help an Arab," Mr. Samar remarked. "I said, 'David, I request that you don't.' But he said, 'I insist.'

"First we said all Jews are the same," he said. "Then we differentiated between Jews and Israelis and said all Israelis are the same. Then slowly we realized that there are many different political views among Israelis."

Since 1979, a small, American-funded program, Interns for Peace, has placed 39 young persons, mostly American Jews, in the Arab village of Tamra, re-

(Continued on Page 2, Col. 1)

A Land Divided

Last of a series

A few Arab-Israeli business ventures flourish like flowers in a landscape of distrust. Page 2.

the war seems to have stimulated at least a tentative new interest among some Jews in reaching out for human contact and understanding with Arabs.

The close fighting through refugee camps and civilian neighborhoods, the siege and bombardment of West Beirut and the massacre of Palestinians by Israel's Lebanese Christian allies left some sensitive Israeli Jews troubled by how faceless the Arabs had become to them.

Khalil Samar, the principal of an elementary and junior high school in the Arab village of Tamra, re-

(Continued on Page 2, Col. 1)

Adept Soviet Envoys Gain Influence at UN

By Richard Bernstein
New York Times Service

UNITED NATIONS, New York — A common sight in the corridors and lounges here is of an impeccably dressed Communist diplomat speaking perfect English who moves from group to group of delegates, clasping hands, smiling, joking and shaking his head in what appears to be good-humored despair about the latest foreign policy pronouncement of the Reagan administration.

The diplomat is Oleg A. Troyanovsky, the head of the Soviet mission to the United Nations, and, by most accounts, one of the most skillful and knowledgeable delegates in the 158-nation world body.

Mr. Troyanovsky, who heads the largest diplomatic mission to the United Nations, represents a development commonly noted by UN diplomats and officials. It is that the Soviet Union, weak and isolated in the first decade or so of the United Nations' existence, has over the years made adept use of the world body and become, arguably, its single most powerful and influential member.

"The Russians are very skillful here," a Western diplomat said. "They have taken the UN very seriously and pursued a long-range strategy. They send dozens of specialists in multilateral diplomacy here; they collect information; they cultivate the Third World; they know all of the procedures and mechanisms extremely well and they use that knowledge to shape the agenda to suit their purposes."

A senior UN official said that over the years Soviet diplomats have become more sophisticated. "I've seen it in such things as the cut of their pants," the official said. "Years ago, you could always tell a Russian by his wide, untidy trousers; now, the Soviets are indistinguishable from Western diplomats."

To be sure, the Soviet Union does not win every vote or every battle at the United Nations. Each year, for example, the General Assembly, by an overwhelming majority, calls for the withdrawal of Soviet troops from Afghanistan. In September, after Soviet fighter planes shot down a Korean Air Lines passenger plane, Mr. Troyanovsky vetoed a resolution condemning the act in the Security Council.

Delegates also say that in some areas, the Russians play a very minor role. One is the General Assembly's Second Committee, dealing with economic relations between industrialized and non-industrialized countries.

"The Second Committee," a Western diplomat said, "the Soviets are not much of a factor."

Nonetheless, while far from dominating all aspects of the United Nations, the Soviet Union by all accounts enjoys great strength. Its main accomplishment, delegates say, has been to help shape an agenda that, by and large, is unfriendly to Western values and interests.

There are what might be called the bedrock political issues — Palestinian rights, harsh criticism of Israel and South Africa, and the transfer of wealth from the



UNION OF SOVIET SOCIALIST REPUBLICS

Oleg A. Troyanovsky, chief of the Soviet UN mission.

industrialized nations of the West and Japan to the Third World — on which the Russians not only vote with large majorities but have also played a major role in shaping the language of resolutions and the concepts used in debates.

Delegates and UN officials give several reasons for the Soviet Union's relative success. One important element is that, unlike the United States, the Soviet Union can count on virtually complete support from a group of 20 or so other countries from Eastern bloc states like Bulgaria and Po-

land to such countries as Vietnam, Angola, Cuba and Nicaragua.

At the same time, diplomats say, the Russians have been skillful in identifying issues of concern to the countries of the Third World, which organized into the 101-member Nonaligned Movement, constitute a large UN majority. Some delegates, particularly from the West, say that the Russians, operating through their allies in the Third World, have been successful in encouraging

(Continued on Page 2, Col. 5)

Dante B. Fascoli, Democrat of Florida and the acting chairman of the House Foreign Affairs Committee, said Thursday, "The issue of American policy in Lebanon, particularly the deployment of marines, is going to be a top priority matter as soon as we get back."

Mr. Fascoli added, "Having a military commission raise concerns about the policy is important and accentuates the doubts that were already in the bill."

Mr. Reagan and Congress compromised on the duration of U.S. involvement in the multinational peacekeeping force in Lebanon, setting an 18-month limit, effective from the signing of the bill Oct. 12.

Since then, the security situation in Lebanon has steadily deteriorated, including the truck bombing of the Marine complex.

Mr. O'Neill, according to his aide, has concluded that the administration seriously misread the situation in Lebanon when it asked Congress in September to support an extended stay by the marines.

Other members of Congress agreed. "We cannot expect to be at the same time an empire and a player," Mr. Michel said Tuesday.

The Pentagon commission that investigated the truck bombing came to a similar conclusion. Its report said: "The commission believes there was a fundamental conflict between the peacekeeping mission provided through the chain of command to the marines, and the increasingly active role the United States was taking in support of the Lebanese armed forces."

■ Censures Possible

Secretary of Defense Caspar W. Weinberger has directed the Pentagon to study ways of implementing recommendations of the Defense Department's report, including

By Clifford D. May
New York Times Service

ABIDJAN, Ivory Coast — West Africa's only ice-skating rink is melted.

In the tall modern office buildings here, executives gaze out windows that do not open through eyes blurred with perspiration. Every evening, well-heeled Europeans and locals dine by candlelight in elegant restaurants, then go home and read by candlelight as well.

About two weeks ago, the Ivory Coast began to run out of power. Hydroelectricity is the source of 92 percent of the country's energy.

Lack of sufficient rain has caused the water level in the dams to sink steadily, so that now there is not enough to run many of the turbines.

At first, the blackouts were brief, two or three hours a day in one neighborhood or another, and few people worried much about it. But in recent days, the power cuts have grown longer and more frequent. Some neighborhoods are now without electricity for up to 17 hours a day, with no power whatever in daylight hours. Industrial capacity has been reduced by an estimated 35 percent. Tons of food have spoiled. Whole neighborhoods have had to do without water when the electricity for the pumps was cut.

"Water levels in a dam don't just drop overnight," said an energy expert. "This can't have come as a surprise."

President Félix Houphouët-Boigny, who has run the Ivory Coast with efficiency and dynamism since it became independent from France 23 years ago, has yet to acknowledge publicly that there is a problem or to assure the population that he is handling it.

The director of the electricity authority, Konan Lambert, has acknowledged that the energy shortage is "catastrophic," but he explained the lack of planning only by saying that "we had chosen the optimistic thesis."

"For years, I had gone from my air-conditioned villa to my air-conditioned car to my air-conditioned office," said one businessman. "I never realized just how hot it really is here."

Power shortages are by no means a novelty in the region. In Accra, the capital of Ghana, electricity is now supplied only on alternate days. In Lagos, the capital of Nigeria, blackouts are an accepted part of life and every factory, business and home that can afford it has a diesel generator ready to switch on when the lights go out.

But unlike Ghana and Nigeria, the Ivory Coast has long been known as the showcase of Africa, a modern nation where bureaucrats think ahead and where gets done. This time, however, the rule has been broken, and that appears to be causing a crisis of confidence as well.

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Serious as the situation is, it could still become worse. The water level in the dams is continuing to drop, and the rainy season does not normally begin until March or April.

Algeria	4,011 Dr.	Iceland	15,837 Dr.	Norway	— 9,011 Dr.
Austria	— 1,175 Dr.	Japan	— 1,033 Dr.	China	— 3,033 Dr.
Bahrain	— 0,65 Dr.	Jordan	— 465 Dr.	Portugal	— 70 Dr.
Belgium	— 33,87 Dr.	Korea	— 8,650 Dr.	Cuba	— 6,50 Dr.
Croatia	— 53,110 Dr.	Korea	— 500 Dr.	Iceland	— 10,000 Dr.
Cyprus	— 5,534 Dr.	Liberia	— 2,042 Dr.	South Africa	— 6,018 Dr.
Czechoslovakia	— 19,000 Dr.	Lithuania	— 1,232 Dr.	Spain	— 1,000 Dr.
Egypt	— 6,027 Dr.	Lybia	— 1,232 Dr.	Sri Lanka	— 6,000 Dr.
Finland	— 20,000 Dr.	Malta	— 35 Dr.	Turkey	— 1,200 Dr.
France	— 220,000 Dr.	Morocco	— 1,500 Dr.	U.S.A.	— 2,000 Dr.
Germany	— 40,000 Dr.	Netherlands	— 1,500 Dr.	Venezuela	— 100 Dr.
Great Britain	— 60,000 Dr.	New Zealand	— 1,000 Dr.	Yugoslavia	— 100 Dr.

48345

Shultz to Meet Gromyko for Talks on Arms

2 West Bank Mosques Are Attacked; Jewish Extremists Issue Claim

Compiled by Our Staff From Dispatches

TEL AVIV — One person was injured Friday in hand grenade attacks on two mosques in the West Bank city of Hebron.

A Jewish extremist group calling itself Terror Against Terror claimed responsibility for the bombings in calls to two Israeli radio stations.

That group has claimed several attacks against Moslem places of worship since five persons were killed and 42 injured Dec. 6 when a bomb exploded on a Jerusalem bus. Responsibility for that attack was claimed by the Palestine Liberation Organization.

Passengers prevented another bomb explosion on a Jerusalem bus Friday when they saw a suspicious package as the vehicle traveled through the Mahaneh Yehuda market in the Jewish sector, the police said.

The authorities found a bomb in the package and dismantled it.

In the first mosque attack in Hebron, a hand grenade was apparently activated when a worshipper opened the gates to the Sheikh Rashid Mosque in the central market area, the police said. The worshipper was slightly injured, the authorities said.

The second grenade, at the Sheikh Ali Mosque, apparently went off by itself. It caused no casualties, they said.

A police spokesman, David Cohen, said the grenades were of the type used by the Israeli Army. He said the same type had been used in attacks on several Christian and Moslem institutions in the Jerusalem area earlier this month.

A Moslem cleric and a Christian nun were injured in those attacks, for which Terror Against Terror also claimed responsibility.

Mr. Cohen said reinforced police and army details were patrolling the town to prevent unrest. Visitors to the area said that checks were being made on travelers and vehicles.

clues, especially around Moslem and Christian religious sites.

TEL AVIV — In another development Friday concerning the West Bank, the police claimed a breakthrough in the investigation of the fatal shooting of an Arab girl Dec. 8 in Nablus.

The authorities blamed the attack on a Jew or Jews pursuing Arabs who had thrown rocks at their car. Yossi Arnon of the West Bank settlement of Elon Moreh and Pinhas Hahrawi of Tel Aviv were brought to a magistrate's court in Rehovot on Friday for consideration of charges relating to the murder.

In a separate development on Friday, the Israeli cabinet met in special session in Jerusalem to discuss plans that call for cuts in government spending and a 10-percent tax on luxury goods.

Newspaper reports said Finance Minister Yigal Cohen-Orgad was seeking to cut about 4.5 percent from the 1983-84 budget of \$21 billion, and slightly less from the 1984-85 budget.

The reports also said that Mr. Cohen-Orgad wanted to impose heavy duties on luxury goods and to do away with free high school education.

The cabinet session came as the Central Statistics Bureau announced that Israel's trade deficit in 1983 was \$5.1 billion and the gross national product had risen by less than 1 percent. Private consumption, meanwhile, rose about 7 percent.

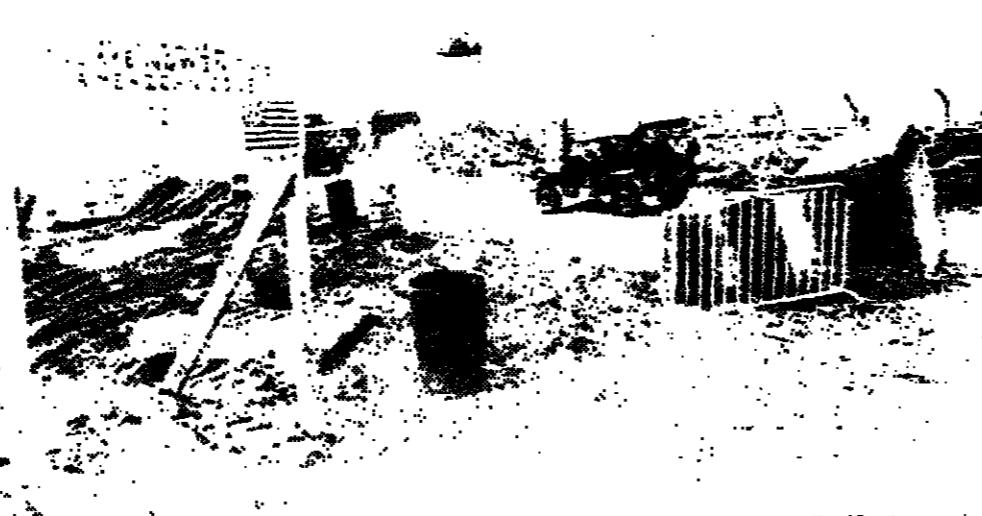
Annual inflation for 1983 is expected to reach 200 percent. The foreign debt stands at \$23 billion.

Mr. Cohen-Orgad also said at the meeting that the austerity measures he is contemplating may include curtailing construction of Jewish settlements in the West Bank and Gaza Strip.

It was the first time the cabinet has considered slashing funds for construction of settlements.

(AP, NYT, UPI)

CHECKPOINT



CHECKPOINT — A jeep entering the American zone in Beirut, which has been reinforced since the Marine headquarters was blown up in October. An Islamic group has warned that if U.S. and French forces are not out by Jan. 1, "there will be earthquakes."

Iran Begins Reconnaissance Flights Over U.S. Ships in the Gulf Region

By Fred Hiatt
Washington Post Service

WASHINGTON — Iran has begun reconnaissance flights over U.S. ships in and near the Gulf. The Reagan administration officials say.

The officials said that the flights could be a precursor to stepped-up military action in the Iran-Iraq war.

The administration officials said Thursday that Iran had stationed about 20 U.S.-built F-4 fighter jets at Bandar Abbas, at the mouth of the Gulf, and had flown missions in P-3 reconnaissance planes.

"This is the first time we've seen a concerted surveillance effort over our ships," a U.S. official said. "It could be a prelude to some military action, perhaps toward Iraq, per-

haps toward closing the Strait of Hormuz."

Another official said that U.S. ships were taking precautions against possible suicide attacks by the planes based at Bandar Abbas. But the official said there had been no specific threats, and a Pentagon official said new developments were "probably intended more to Iraq than to us."

The U.S. Navy has five ships in the Gulf, including two destroyers, and 10 ships in the northern Arabian Sea, including the carrier Ranger. The Reagan administration has pledged to keep open the Strait of Hormuz, through which oil tankers pass between the Gulf and the Arabian Sea.

Iran and Iraq have been fighting since September 1980. Both sides have suffered heavy casualties but

made little progress. Iraq has threatened to escalate what has become a war of attrition.

The export to Iraq of five French jets capable of firing highly accurate Exocet missiles has added to speculation that Iraq might attack Iranian oil facilities or ships approaching those facilities. Iran, it is feared, might retaliate by mining Iraq.

Iraq Says It Down 2 Planes

Iraq said Friday that it had shot down two Iranian warplanes after an air battle over their southern front, near the Iranian city of Ahvaz. United Press International reported from Beirut.

The state-run Iraqi press agency said the Iranian aircraft were intercepted before crossing into Iraq. There was no immediate comment from Iran.

UNESCO

The most important thing to bear in mind here, he said, "is that America itself has always said no nation should be excluded from the UN or any of its agencies in keeping with the principle of universality. By putting out, they will be undermining this principle in reverse."

UNESCO issued a statement in Paris, where it is based, saying that the director-general, Amadou Mahtar M'Bow, was studying a communication by Secretary of State George P. Shultz, informing the agency of the U.S. intention to withdraw.

No other country has followed Washington's lead. New Zealand's foreign affairs minister, Warren Cooper, said Thursday his country would reconsider its participation in UNESCO at the next cabinet meeting, probably at the end of January.

The French government called on the United States to reconsider, saying it "deeply regrets" the move.

The Paris daily *Le Monde* said in an editorial Friday that "the confrontation between the United States and UNESCO very much resembles a boxing match opposing the American Reagan against the Senechal M'Bow. A match that opposes two totally divergent conceptions of the role of this international organization."

The governments of Britain, Canada, West Germany and Japan said they shared U.S. concerns about the politicization of UNESCO but would remain members and urged President Ronald Reagan to reconsider. Indonesia expressed "regret" but said Washington had "the right" to make the decision. Foreign Minister Mochtar Kusumastmadja said Friday.

Other countries were angry about the decision.

Spain accused Washington of throwing a "tantrum." The decision "is not going to produce any wave of pullouts," said Luis Rama, the head of UNESCO's Spanish committee. "It is an attitude of an infantile tantrum."

The Soviet Union denounced the decision, calling it an attempt by the United States to be the world's self-styled ruler.

Jordan criticized the U.S. decision to withdraw and urged U.S. officials to reconsider, Jordan's three leading dailies said Friday.

A U.S. withdrawal would bring a budgetary crisis and sweeping cuts in the UN body's programs, diplomats quoted by Reuters predicted Friday. The United States contributes a quarter of the agency's budget.

In the mid-1970s, the United States withheld its contributions to UNESCO for a period after Israel came under attack within the organization. UNESCO managed to overcome the two-year crisis with interest-free loans from Arab states, but this option may be more difficult to follow now.

Diplomats said it would be up to Mr. M'Bow to propose spending cuts and that they would probably affect programs rather than Paris staff.

(UPI, Reuters, AP)

Africans Ask U.S. to Stay In UNESCO

50 Nations Say Pullout Would Weaken Agency

Compiled by Our Staff From Dispatches

PARIS — Fifty African nations appealed Friday to the United States to reconsider its decision to pull out of UNESCO by the end of 1984 because the withdrawal would "undermine" the agency.

"We hope the United States will reconsider this decision so as to maintain the principle of universality, which is the very foundation of the whole UN system," said a statement signed by Jean Ping of Gabon, the chairman of the group of 50 African nations at the Paris-based United Nations Educational, Scientific and Cultural Organization.

Mr. Ping said UNESCO members from Asia, Latin America and the Arab world were likely to make similar appeals early in January.

The Reagan administration announced Thursday that the United States would pull out of the UN agency by Jan. 1, 1985, citing an anti-Western bias and efforts to curb press freedoms as reasons for the withdrawal.

Mr. Ping rejected U.S. allegations of Third World political manipulation in UNESCO, saying no decisions were made without a consensus of the 162 member countries.

"The most important thing to bear in mind here, he said, "is that America itself has always said no nation should be excluded from the UN or any of its agencies in keeping with the principle of universality. By putting out, they will be undermining this principle in reverse."

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(UPI, Reuters, AP)

WORLD BRIEFS

Garrison in El Salvador Is Attacked

SAN SALVADOR (UPI) — Leftist guerrillas captured an infantry garrison Friday in an attack on El Salvador's two main northern garrisons, according to the guerrilla radio. There were reports later that the garrison had been recaptured by government forces.

"For the first time in the war, our forces have taken the garrison of an infantry brigade," the guerrillas' Radio Farabundo Marti said. "The garrison of the 4th Infantry Brigade has fallen into our hands."

A diplomat also reported the capture of the garrison in the hamlet of F. Paraiso, 30 miles (48 kilometers) north of San Salvador, but said that the army retook the facility in the afternoon. "It's not clear if the army expelled the guerrillas or if they withdrew," said the diplomat, who asked not to be identified.

Jackson to Meet Assad in Damascus

DAMASCUS (UPI) — The Rev. Jesse L. Jackson, a candidate for the Democratic presidential nomination, will meet with President Hafez al-Assad of Syria on Saturday to ask the release of a captured U.S. airman, Robert O. Goodman Jr., U.S. diplomats said Friday.

A spokesman for the U.S. Embassy in Damascus said that the Syrian government had said Mr. Jackson would be able to see Mr. Assad — who reportedly had had heart trouble recently — after meeting with Syria's foreign minister, Abd Halim Khaddam.

"We would hope that the force of these meetings will allow us to break the deadlock and make a giant step toward peace," said Mr. Jackson, who arrived here Friday with a delegation of religious leaders to urge the release of Lieutenant Goodman. The airman's plane was shot down by Syrian forces over Lebanon on Dec. 4 during a U.S. bombing raid against Syrian positions.

China Hints at Restoring Dutch Ties

BELING (LAT) — China signaled its readiness Friday to forgive the Netherlands for selling two submarines to Taiwan three years ago and to discuss the re-establishment of full diplomatic relations with the Dutch.

The move follows the Dutch government's refusal to sell Taiwan two more submarines in return for a promised \$500-million shipbuilding contract and an undertaking to purchase hundreds of millions of dollars worth of Dutch goods. A strong minority in the Dutch parliament favored the sale because of the 1,600 jobs involved.

Beijing believes that, with the rejection of the sales by the Netherlands, it has won a major diplomatic contest against Taiwan. A commentary in the Chinese Communist Party newspaper People's Daily said that the Dutch government's refusal would help restore ties between the countries, downgraded in 1981.

Honecker Advocates East-West Pact

BERLIN (Reuters) — East Germany's head of state and Communist Party leader, Erich Honecker, has called for an accord between NATO and Warsaw Pact countries on the renunciation of military force and the maintenance of peaceful relations.

In a New Year's address, published by the official ADN press agency, he said that, with the stationing of Pershing-2 and cruise missiles in Western Europe, the world had entered the "probably most dangerous period of postwar development."

East Germany will be taking part in January's conference on European security and disarmament in Stockholm "with the firm intention" to do its best for a reduction of military confrontation, for the development of confidence and security-building measures and for disarmament, he said.

On Thursday, South African planes bombed suspected guerrilla bases inside Angola.

Zimbabwe Bishops Support Socialism

HARARE, Zimbabwe (Reuters) — Zimbabwe's Catholic bishops Friday pledged support for the socialist policies of Prime Minister Robert Mugabe's government and appealed to Christians to help the changing society.

In a New Year's pastoral statement, they said Zimbabwe's socialism meant equality among all people regardless of race, creed or sex, an equitable distribution of resources and promotion of self-reliance and national reconciliation.

But they criticized leaders, many of whom were educated at mission schools, for only paying lip service to socialism.

Judge Blocks Release of Nixon Papers

WASHINGTON (AP) — A federal trial judge on Friday blocked the public release, scheduled to begin Tuesday, of 1.5 million White House documents left behind when President Richard M. Nixon resigned in 1974.

District Judge Thomas Hogan struck down as unconstitutional part of the law allowing public access to the papers, which include some of the most sensitive political documents. The ruling was a victory for 29 former Nixon officials, who had challenged the government's plan to release the papers.

In a brief order to be followed by a fuller written opinion, Judge Hogan barred officials of the General Services Administration and the National Archives "from further implementing or taking any further actions pursuant to the existing public access regulations until such time as newly promulgated regulations become effective."

For the Record

The Arab Revolutionary Brigades, in a telephone call in Paris, claimed responsibility for a submachine-gun attack Thursday that killed an employee of the Jordanian Embassy in Madrid and wounded another, Agence France-Presse reported Friday. (AP)

East Germany will introduce daylight-saving time March 25, the East German news agency, ADN, said Friday. (Reuters)

Adept Soviet Diplomats Gaining Influence at UN

(Continued from Page 1)
the Third World into anti-Western positions.

"The East bloc works hard to get their people onto the key committees," a West European diplomat said, giving as an example the Council on Namibia, created in 1972 to foster independence for the South African-controlled territory of South-West Africa.

In this case, and in other committees dealing with such subjects as Palestinian rights and decolonization, the active nations generally include the Soviet Union and several African countries closely allied to it; the Western countries, by contrast, are under-represented.

"The whole process is gerrymandered against the West," the European diplomat said. "The Eastern bloc invents the tone and controls the process," he said, adding that often the debates and resolutions emerging from the committees con-

siderate a "huge propaganda jamboree." "We have all come to the conclusion that you'd have to join these committees in tremendous strength," he said.

The former chief U.S. representative at the United Nations, Daniel Patrick Moynihan, has cited the 1975 resolution branding Zionism to be a "form of racism" as an example of the Soviet ability to push the

AMERICAN TOPICS

Reagan Courts Jewish Voters

Concerned about improving White House lines to Jewish voters, whose support for President Ronald Reagan has dropped sharply since 1980, the administration has named a new liaison official, Marshall J. Breger, a lawyer and a fellow at the conservative Heritage Foundation, which spearheads the White House's links to the Jewish community in a job upgraded from that of associate director of the office of public liaison to assistant to the president.

On the campaign side, the Reagan-Bush re-election committee has named Levi Rabkinowitz, a New York political consultant, as its full-time director for Jewish voters. Part of his job will be to increase voter awareness of the National Republican Jewish Coalition.

An estimated 40 percent of Jewish voters cast their ballots for Mr. Reagan in 1980, but recent polls indicate that he has lost half of that support. Discontent with the president's Middle East policies is a key factor in the diminished support, according to Jewish leaders.



Stassen Is Back For '84 Campaign

Harold Stassen, a former governor of Minnesota who first sought the Republican presidential nomination in 1948, has entered the 1984 New Hampshire primary. He issued a statement calling for "a new creative center program for world peace" and domestic policy changes aimed at full employment. "I hold that America has had seven years of bad politics at home and abroad," the 76-year-old lawyer said.

Americana

The Berkeley, California, City Council's refusal to recite the Pledge of Allegiance before meetings has cost it a seat on a board that will decide how to spend \$12 million in federal job training funds. Deputy Mayor Gilda Feller called the board's 11-2 vote not to give the city a seat "a shameful act."

The "dump Berkeley" drive was led by Charles Santana, an Alameda County supervisor. The Alameda County Training and Employment Board-Associated Community Action Program decides where and how the job and community assistance funds will be used. About \$660,000 is slated for Berkeley, and now the city won't have any control over it.

Mr. Santana argued at a stormy meeting Wednesday night that a city that will not honor the flag does not deserve federal funds.

Tourists Flood Wine Valley

Visitors lured by winery tours and tastings are flocking to the Napa Valley, north of San Francisco, making the wine-producing region California's most popular tourist attraction after Disneyland. Their ranks have been swelled by a prime-time soap opera about a wine-making dynasty, "Falcon Crest," which stars Jane Wyman, President Reagan's first wife.

Local officials worry that the tourist cars that choke the valley's main road, particularly on weekends, are altering the small-town ambience of the communities dotting the valley. Indeed, gourmet food stores, boutiques and expensive restaurants are replacing more homey hardware stores and groceries, and real estate prices are soaring.

State Department Gets Reform Team

The State Department has named seven of its most experienced Foreign Service professionals to a new and unusual management team in charge of reforming its operations and staffing. Heading the team is the undersecretary for management, Ronald L. Spiers, former ambassador to Pakistan and assistant secretary in charge of intelligence and political-military affairs.

Also aboard are Alfred L. Atherton, former ambassador to Egypt, special Middle East negotiator and assistant secretary for Near East and South Asian affairs; as director-general of the Foreign Service; William C. Harrop, most recently the U.S. ambassador to Kenya, as inspector-general; and Robert M. Sayre, former ambassador to Brazil, as head of the Office for Combating Terrorism. Others are Stephen Low, a former navy commander, Armando Lambruschini — were arraigned

Three other former junta members — former presidents Roberto Viola and Jorge Videla and a former navy commander, Armando Lambruschini — were arraigned

Those arraigned Friday — Brigadier General Basilio Lami Dozo, the former air force chief, Admiral Jorge Anaya, the former navy commander, and General Galíndez — face separate court-martial for their roles in the defeat by Britain over the Falklands.

In all, nine former junta members are being court-martialed on orders from President Raúl Alfonsín. He has said the commanders bore the greatest responsibility for the disappearance and presumed death of thousands of Argentines during the military's war against suspected terrorists in the mid-1970s.

To avoid future abuses, Interior Minister Antonio Troccoli said Thursday that he would form a



Roberto Viola, a former Argentine president and army commander, appears outside a military tribunal in Buenos Aires. He was arraigned Thursday on charges related to the disappearances of thousands of Argentines in the 1970s.

3 More Former Leaders Arraigned in Argentina

United Press International

BUENOS AIRES — Former President Leopoldo Galtieri and the two other members of the military junta that initiated the Falklands war were arraigned Friday for court-martial on charges of murder, torture and kidnapping.

Admiral Anaya is believed to be the commander most directly responsible for pressuring General Galtieri to launch the April 2, 1982, invasion of the islands, which are known here as the Malvinas. The navy under Admiral Anaya was largely successful during the war, but the air force, headed by General Lami Dozo, was considered to have performed courageously.

Mr. Alfonsín, who took office Dec. 10, opened the way for the military trials Tuesday by signing a bill, approved overwhelmingly by the parliament, that abolished an amnesty for the military signed by the outgoing president, General Reynaldo Bignone.

General Bignone, who was exempted from the military trials, was ordered to appear in court Thursday in a separate case, an investigation into the disappearance of a technician. But he excused himself in a note, saying his wife was ill.

"What General Gorman stands for is the Central Americanization

special anti-terrorist unit to combat extremists in legal ways.

General Galtieri and Admiral Anaya face penalties ranging up to the death sentence in another military trial yet to be held that will determine responsibility for the Falklands debacle.

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Foreign Tourism In U.S. Declines

For the second year in a row, the United States has experienced a decline in the number of foreign tourist arrivals. Meanwhile, travel by Americans going to other shores grew by 7 percent. One factor is the strong dollar, a delight for Americans traveling overseas but a financial wet blanket for foreign visitors.

The United States Travel and Tourism Administration said that 24.6 million Americans went abroad during the year. But inbound foreign tourism dropped by 2 percent to an estimated 21.6 million arrivals, said the government agency, a division of the Commerce Department.

One of the United States' major travel attractions in 1984 for both domestic and foreign visitors will be the 1984 Louisiana World Exposition, a six-month event in New Orleans that opens May 12.

Warsaw May Postpone Food Price Increases

The Associated Press

WARSAW — Food price increases that were widely expected New Year's Day will be delayed until February, a government source said Friday. The move appears to reflect concern over public opposition.

A source at the Price Ministry, who asked not to be identified, said the increases might be delayed even further. Ministry officials refused to confirm the statement.

"As you know, the boost was planned for Jan. 1, 1984, but it was shifted to an unknown date," the source said.

"It's obvious that it cannot be done in the middle of the month, since the price increases concern rationed products," the source said.

Leaders and politicians here see the new station as an essential instrument for insuring the survival and spread of the Catalan language, which the Franco dictatorship tried to eradicate.

The central authorities, the new Socialist government, have reasons enough to look askance on the Cat-

alan project. Traditionally, central governments have been wary of regionalism, especially from proud, rambunctious and powerful Catalonia, which is the leading industrial center.

In addition, the Socialists' election program, while it has little to say about television run by autonomous governments, is against privately run television channels.

Mr. Quinta said executives from the national network had been less than cooperative, and so he turned to U.S. and French consultants to set up the new station.

He said that import license for equipment had been delayed, that permission had been denied for a TV 3 camera inside the Cortes, Spain's parliament, and that the

national network had refused to allow extra antennas to be set up on its relay towers or to permit transmission through its system.

When King Juan Carlos I visited New York in December, Mr. Quinta said, "we used satellite to get the film from New York to Madrid. We had asked national TV to use their microwave towers to relay it from Madrid to Barcelona, but we were refused. So we had to send a courier by airplane to bring the film up by hand. It's crazy."

A battle seems to be looming over who will have the rights to broadcast the home games of the Barcelona Football Club, a soccer team that is fanatically supported here. TV 3 has reportedly signed an exclusive contract with the club.

Administration sources confirmed Thursday that a cutoff plan similar to Mr. Erlenborn's is expected to be included in the fiscal 1984 budget proposal, but they said it would not necessarily use the same \$10,000 or 60 percent figures.

According to government records, there are about 1.8 million people receiving Civil Service retirement benefits as annuitants or survivors, and more than 800,000 get \$10,000 a year or more. The average annuitant gets nearly \$12,500 a year. So if \$10,000 were used as the cutoff, it would affect a large minority of beneficiaries.

There are about 1.4 million persons receiving military retirement pensions, and about 800,000 receive \$10,000 a year or more.

Edwin L. Dale Jr., the spokesman for the Office of Management and Budget, confirmed Thursday that the administration would seek the 1984 cost-of-living postponement. He recalled that last year a one-year postponement had been requested but not enacted.

He said the administration, in effect, was concurring in a vote by the House earlier this year to delay both the next civilian and military cost-of-living increases from June 1, 1984, to Jan. 1, 1985.

Although the House did vote for the postponement and the Senate

Shultz Will Meet Gromyko

(Continued from Page 1)

disk of The Washington Post reported from Bonn.

At the previous Madrid conference on security and cooperation in Europe, which ended in September, the Soviet Union was placed on the defensive by Western and nonaligned countries urging the adoption of human rights measures and the relaxation of restrictions on the flow of people and information across borders.

With the advent of democracy and limited autonomy, the tables turned. Now, local laws mandate the use of Catalan in public classrooms, government offices, or even to engrave it on tombstones.

To help the television widen the use of Catalan, the autonomous government has provided the budget of \$32 million in start-up costs. The staff numbers 125, including 23 news reporters. A lavish new headquarters is scheduled for completion toward the end of 1984.

The goal is to start by broadcasting 12 hours a week and to reach 70 hours a week after 10 months.

As its name implies, TV 3 is

of its allies to suggest a nuclear-free "corridor" in central Europe that would seek to ban nuclear missiles from East and West Germany as well as Czechoslovakia. That concept has already been endorsed by West Germany's Greens party.

The Soviet Union and Warsaw Pact nations are also expected to press for other security measures that have elicited mixed responses in the West, such as "no first use" of nuclear weapons and the mutual renunciation of military force by the East and West blocs.

"Stockholm is not going to be easy for the West," said a Foreign Ministry official in Bonn. "At Madrid, we all had the same views about human rights, but the nuclear and security issues will raise complications for several NATO allies."

First Pershing-2s Reported Ready

The Associated Press

BONN — The first nine of 108 Pershing-2 nuclear missiles in Western Europe are "ready for action," the West German Defense Ministry confirmed Friday.

Peter Kurt Wuerzbach, the No. 2 official in the ministry, said, "The first American battery of nine Pershing-2 rockets is ready for action in West Germany."

He said the missiles "would be immediately dismantled and destroyed if the Soviet Union agreed to a verifiable and comparable step in arms negotiations." In addition to the Pershing-2s, West Germany is also to receive 96 cruise missiles.

Although the House did vote for the postponement and the Senate

By Loren Jenkins
Washington Post Service

PANAMA CITY — General Paul F. Gorman, who as the commander of the Southern Command oversees U.S. military aid and defense commitments from Mexico to Tierra del Fuego, has sought to keep a low public profile since taking up his post in May.

Refusing to give interviews or to accept invitations to receptions in the Latin capitals to which he regularly travels, General Gorman is more talked of than actually heard or seen.

But in Central America, the region of his command's major focus, he has begun to emerge yet in military but in political spheres.

In a region where the military rules or is likely to be the power behind the presidency, a U.S. general who dispenses arms and commands military advisers often yields authority with governments.

What is surprising, however, is that after six months in the post, General Gorman, 54, has begun to appear to many as Washington's virtual protégé to the area frequently overshadowing ambassadors and at times ousting them.

"There is no question that Gorman is playing a major role in Central America," said a U.S. ambassador. "After all, he is the man with all the goodies — the military programs — they all want."

Because the Reagan administration has made security a "central component" of its foreign policy in Central America, a senior State Department official said, "It is the man who has ultimate responsibility for that key component who's going to have a big role to play within that policy."

A much-decorated veteran of the Korean and Vietnam wars, General Gorman served as a staff member in the Vietnamese peace negotiations in Paris, did a tour with the CIA and, most recently, was an assistant to the chairman of the Joint Chiefs of Staff.

The general is not just an implementer," said a staff officer at the command headquarters along the Panama Canal, "he is a conceptual thinker."

General Gorman is said by those who work with him to take the military view that force must be met with counterforce if U.S. strategic interests are to be protected in Central America.

But General Gorman is said to favor using Central American military force rather than that of the United States whenever a counterweight is mastered, whether against the revolutionary Sandinist regime in Nicaragua or the Marxist-led guerrillas besieging the U.S.-supported government in El Salvador.

The most mysterious is the object that astronomers do not know if it is a planet, a giant comet, a nearby "proto-star" that never got hot enough to become a star, a distant galaxy still in the process of forming its first stars, or a galaxy so shrouded in dust that none of its light ever gets through.

"All I can tell you

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Who Runs the Kremlin?

As if to mock Orwell's omnipresent Big Brother, the Soviet Union enters 1984 with the extended absence of its leader, Yuri Andropov. The lies about his "cold" have been abandoned, but a conspiracy of silence continues to conceal the ailment that made him appear deathly ill even before he ceased to appear in public altogether four months ago. Who is really in command, and is he up to it?

Of course the reluctance to concede frailty in high places is not a uniquely Soviet failing. The White House has seen many such cover-ups, even when it meant leaving an arrogant physician, protective wife or scheming aide to wield presidential power. Indeed, this paranoia of power has plagued most political systems through most of history. But in a superpower in the nuclear age it is unacceptable.

Instead of hinting delicately at some doubt about who is in charge in Moscow these days, President Reagan should be pressing the question openly, for all the world. To ask it is not impolite but a tribute to the vast power of the Soviet Union over all of us.

Why can't they admit disability? Judging by American history, there is no ready answer.

Often men of power like Woodrow Wilson and Franklin Roosevelt have spent a lifetime willing away infirmity, and they just persist in the habit. Both men embarked on death-defying missions abroad, and Wilson conspired for 18 months in denying a paralysis that left his wife running his administration.

Often, too, presidents easily persuade themselves that America's health is synonymous

with their own. Grover Cleveland was so certain he alone could avert a catastrophic depression that he organized a vast charade so as to have a cancerous growth removed in secret aboard a yacht in New York harbor. Andrew Jackson struggled on despite constant pain to defeat the Bank of the United States.

And often the failure to let someone else take charge can be traced to timid or jealous or superior sides. James Garfield lay dying for 10 weeks amid pretenses of recovery. The severity of Ronald Reagan's gunshot wound was disguised to avoid even a brief transfer of authority. Only Dwight Eisenhower's team gave the public elaborate accounts of his heart attack, his ileitis and his small stroke, but even like at times misjudged his capacity to resume command in case of emergency.

Military emergency in the nuclear age has a higher claim on medical truth than even the ethics of democracy. The very power that makes an impaired Soviet or U.S. hierarchy want to pretend to be functioning smoothly argues for brutal confession of a leader's infirmity. Only then can the adversary, and the millions who live in the path of the superpowers' weapons, be sure the times of command and communication are at all times clear.

The biggest favor that Russians and Americans can do for each other when their leaders appear to be in distress is to put the awkward question without shame. Wish Mr. Andropov a speedy recovery, but demand to know: When he is indisposed, who is in charge?

— THE NEW YORK TIMES.

So, Trim the Trimmings

From Frank Fahrenkopf, chairman of the Republican National Committee, comes the announcement that his party is considering reducing its 1984 national convention from four to three days. "Very frankly," Mr. Fahrenkopf warns up, "I am concerned."

In the summer of 1984, American television viewers will see the Democratic National Convention in July, the Summer Olympics a short time afterward and then the Republican extravaganza in August — "a convention where we'll likely nominate the president and the vice president." Besides (and here the cat sneaks out of the bag), "the major networks have already indicated that they are not going to give gavel-to-gavel coverage."

Mr. Fahrenkopf, who was 12 years old the last time a national convention took more than one ballot to nominate a president, is recognizing an obvious truth: The conventions have become television programs. They are produced by the party's nominee and are, in effect, a kind of free electioneering — unless the nominee, like Jimmy Carter in 1980, loses control over the proceedings.

Once upon a time you could not predict with certainty how many days a convention would last. In 1924 the Democrats took 103 ballots and 17 days, all to nominate John W. Davis. As late as 1960, national convention delegates were still wearing funny hats and marching in the aisles 40 minutes at a time, not realizing that this was hurting, not helping their party's chances with the viewers back home. Now the

— THE WASHINGTON POST.

Other Opinion

Two Hands and No Kibitzers?

From India's point of view generally, and from [Prime Minister Indira Gandhi's] in particular, there are two ways of assessing the move to invite her to a meeting in New York with Mr. Reagan and Mr. Andropov.

It is possible to argue that Mrs. Gandhi should seize the opportunity to underscore India's rightful position in the hierarchy of world powers and demonstrate her persuasive ability in the most challenging peace-negotiating assignment that has ever come her way.

It can further be suggested that, given the spirit of understanding that exists between India and the Soviet Union, Mrs. Gandhi could use the New York meeting to arrange a Soviet return to the arms reduction talks without loss of face to them.

If all this actually happened, the non-aligned movement would have a credibility shot in the arm, while Mrs. Gandhi would feel personally pleased with her success.

In fact, the invitation amounts to little.

The Soviet Union is perhaps far less anxious to resume nuclear arms negotiations, particularly the talks on medium-range weapons broken off at Geneva, than the West would like to believe. Nuclear politics is not just a naive madness, as the UN General Assembly president seems to suggest. It unfortunately is a game of poker which superpowers play.

— Helen Thomas (UPI).

FROM OUR DEC. 31 PAGES, 75 AND 50 YEARS AGO

1908: Some Fad With the Old Year
LONDON — The "Daily Graphic," dealing with the story of 1908, observes: "The year which has seen the German Emperor muzzled and Mr. [Theodore] Roosevelt issue his last Presidential message, which has witnessed the political extinction of the Sultan Abdul Hamid and the passing of the Empress Tsi Hsi, has not dealt niggardly with its dramatic personae." The "Morning Leader" takes the view that for most of us the closing year has not been propitious. "The great boom of the early years of the century is over," the London daily continues, "and trade has been depressed throughout the world. The American crisis has aggravated the reaction, and, with the cotton strike, the trouble in the engineering trade has swelled the ranks of our unemployed."

1933: Youth Slays Romanian Leader
BUCHAREST — Martial law was proclaimed throughout Romania Jan. 30 after the assassination of Dr. Ion Duca, Liberal premier. Nicholas Constantinescu, the student assassin, himself narrowly escaped being murdered after he had been captured by detectives and bystanders, it was learned. Polito Miesensti, the premier's brother-in-law, forced his way into a room of the Sinaia railway station, where Constantinescu was being held, and fired several shots at the assassin. His aim was poor, however, and he only wounded Constantinescu slightly in the arm. The wish to do away with Duca had been alive in student circles for some weeks. Constantinescu said, because the premier was a Freemason and had "sold his country to the Jews."

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ARTS / LEISURE

*"A Funeral in Wallonie," lithograph by Félicien Rops.***Brussels: The Unsparring Satire of Félicien Rops**By Ron Dobson
International Herald Tribune

RUSSLES — Félicien Rops proved a craggy morsel for the 19th-century establishment to swallow and much of his work was prudishly snatched away from sight as being too decadent for a respectable public, even pornographic. His attacks hit targets as forcefully as the acid he used for etching, pressed home with an unsparring satire that made him powerful enemies.

He was a prolific artist and writer, and his etchings, drawings and illustrations drew constant attention. Among those who matched his ferocity of line with their own ferocity of pen and tongue was haled as a genius on a level with the old Flemish masters.

To celebrate the 150th anniversary of his birth, an immense and, it is hoped, definitive catalog of his output is being prepared. In the meantime, a relatively small but enlightening and absorbing selection of his work is on exhibition through Jan. 29 at the Royal Museum of Mariemont, near Charleroi. The chateau of Mariemont recently burned — a recurring catastrophe ever since its construction in the 16th century as a little country castle on a hill for Marie of Hungary — and a modern museum has

been built in its place, surrounded by the grandiose chateau grounds.

Raoul Warocqué, a contemporary of Rops whose idea it was to convert the old chateau into a museum, was a fanatical collector of Rops's work. By 1892, seven years before Rops died, Warocqué had amassed several hundred drawings, etching, lithographs and bookplates by the artist. The reference library at Mariemont has a fine selection of books illustrated by Rops. Despite extensive damage to the chateau in fires this century, the collection, much of which was long kept elsewhere, is intact.

Scarious cartoons, near-pornographic and ribaldly erotic etchings of women, severely anti-clerical illustrations present what must have been a satirically clear-eyed view of life, undoubtedly the characteristic traits that led Rops into a close friendship and mutual admiration society with Baudelaire. Alongside the cynical prods at hypocrisy and sly uses are works with arrestingly compassionate observation or a determinedly political stance.

One startlingly topical cartoon, "Order Reigns in Warsaw," has a human corpse beneath a mound bearing the legend "Liberté"; a vulture descends towards the bloodied body, and in the dark sky bulky clouds form a whirlwind of shapes, horsemen riding and slashing, bodies hanging from gallows. "It shows the Polish uprising in the mid-19th century that was put down with great cruelty by the Russian Empire," said an assistant curator at the museum, Pierre Foulon, a Rops scholar. "The artist was very aware of the political scene and always lashed out at brutality and repression."

Rops also possessed a keen awareness of the social scene. His portrait of a young woman in working clothes leaning grimly against a wall bearing the word "Grève" is straightforwardly compassionate, entirely different from the famously nude leading a pig on a leash known as "Pomona," often alluded to by contemporary Belgian artists, or the scornful thrust in his drawing of a young man leaning against a wall, sick and retching, in a cholera ward while a simpering nun offers him a basket of pears and bananas. The title is "Homeopathic Nun."

Sometimes social understanding and judgmental satire combine in one work. "A Funeral in Wallonie" is at first sight a desolate scene of a country burial but Rops manages to open a chasm between genuine grief and piety, contrasting the stance of the relatives with the practiced hypocrisy in the expressions of the officiating clergymen.

The show, however, is simply and attractively presented and the big white cases filled with a wealth of colors and materials could remind one of a vast collection of butterflies.

Even a cursory glance reveals the delightful inventive playfulness called forth to please children or gods — for dolls are not only made to keep girls and boys quiet at night or happy in their games, they also serve magic or ritual purposes, though that sort of description is a simplification. In some regions of Africa a woman who has no children will carry a doll intended to

*Corneb doll, Hungary.**Figure from Madagascar.*

monial purposes. This is the case of the extraordinarily refined, elaborate figurines made in Japan for the annual boys' day and girls' day celebrations. Others now stand as a record of the way people dressed in other times or places.

This great assembly of little people is a charming, surprising survey of the uses made of the human figure outside the field of art — in that undefined area where magic, ritual and children's games meet and merge.

The Musée de la Marine, in the same building as the Musée de l'Homme, contains a splendid array of objects, paintings and even a few small seagoing vessels, some of them carved and gilded, in its permanent collection. It is currently host to another ethnological exhibition, which, under the title "Le Masque au long cours," offers an interesting selection of masks and objects from New Guinea, through Feb. 27. These masks were brought to the attention of the Western world by seafarers and first arrived in Europe as trophies and souvenirs three centuries ago.

The catalog is a selection of essays by anthropologists and reveals the less obvious intentions of the exhibition — to invite visitors to dwell on some aspects of life in their own societies by observing the significance of the mask in other societies, its function in social play and in the consolidation of social structures.

As such, small as it is, the show invites one to revise some of the accepted modern notions that find a caricatural expression of sorts in some of the writings of Adolph Loos — the architect who, along with his colleagues of the first half of this century, so radically influenced the Western perception of art and ornament:

"A man who, today, feels a need to daub paint on a wall is a criminal or a degenerate," he wrote in 1920. "This need is normal in a child . . . In a modern adult man it is a pathological symptom."

Today, mainly thanks to the thoughtful work of anthropologists, we are beginning to have a different perception of art and ornament, although the run-of-the-mill buildings in modern cities still show traces of the trauma inflicted by the ideas of Loos.

The show is combined with a section for the young, intended to give some notions of what masks are about and how they are made. This includes regular sessions of face painting as well as creation of and play with, masks.

Chana Orloff, born in Odessa in 1888, died during a visit to Israel to attend a retrospective exhibition of her work on her 80th birthday in 1968. She was one of the outstanding women sculptors of her age, and it was an age in which it was not easy for a woman to be a successful sculptor.

Not only did she have an impeccable sense of form, she also had a vivid perception of the meaningful nature and a keen sense of humor that expressed itself in volumes, lines and attitudes without ever ceasing to respect the laws of artistic necessity.

She was a fashionable Parisian portraitist in the 1920s, but nothing in her work suggests a "society" portraitist. Her busts tend to pre-

sent her subjects as types. They do not attempt to penetrate nuances of character in-depth but rather to communicate something immediate and striking in a theatrical sense. The surfaces of her sculptures at first seem surprisingly simple, but they are full of clever inflections and nothing mechanical commands their shape.

An excellent collection of works by this outstanding artist is on show at the Galerie Valois (4) Rue de Seine, through Feb. 16.

Other exhibitions of interest include a handsome collection of about 370 archaeological and artistic items presenting 100 centuries of civilization in Syria, "An Pays de Baal et d'Ashtar," at the Petit Palais (through Jan. 3); the rightly famous Goulandris Collection of Cycladic art at the Grand Palais (through Jan. 8); Leonetto Cappiello, the prominent and amusing poster artist of the prewar period in France, who had a show last year at the Grand Palais, at the Ille des Arts gallery (66 Rue Saint Louis en Ille, through Jan. 15); posters of a slightly earlier period (1885-1900) at the Galerie de l'Imagerie, (9 Rue Dante, through Jan. 15); tapestries after designs by Folon at the Galerie Robert Four, (28 Rue Bonaparte, through Jan. 15); Tsai, whose kinetic work is one of the attractions at the "Electra" exhibition (Musée d'Art Moderne de la Ville de Paris), showing other work at the Denise René Gallery (96, Boulevard Saint-Germain, through Dec. 31); the Nikoland Gallery (220 Boulevard Saint-Germain, through Jan. 14) with a collection of Russian and Greek icons from the 15th through the 19th centuries; and Janette Ostier, Japanese paintings and objects representing animals (26 Place des Vosges, through Jan. 8).

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Nam June Paik's TV Answer to George OrwellBy Grace Glueck
New York Times Service

NEW YORK — In his cautionary novel in 1984" George Orwell wasn't kind to television. He saw it basically as a tool of the totalitarian state. But Sunday — the very first day of that prophetic year — his view will be rousingly challenged by the Korean-born video artist and impresario, Nam June Paik. "Good Morning, Mr. Orwell," a live satellite-relayed program to appear Sunday on public-television stations in the United States and on FR3 in France (WDR in Cologne is contributing taped material and will transmit the program live in West Germany), is Paik's pitch for television as an instrument for international understanding, rather than an ominous means of thought control.

Paik's claim that his work is "the first global

interactive use of the satellite among international artists" needs a little explaining. Other video artists, such as Doug Davis, have employed satellite transmission, but the Paik venture is larger and more complex. And while commercial television has linked different parts of the world for informational purposes, Paik is using works designed specifically for the technology of the satellite itself to create interactive performances, linking different stages in different parts of the world, so to speak.

But Paik's poor image was linked to a phase that is over, and Taubman's role may be pre-empted here. The list of the new members invited to join the board leaves little doubt, as to the firm's new strategy, with Taubman's enthusiasm as acting chairman.

There is Baron Thyssen Bornemisza, whose Old Master collection is one of the few, worldwide, arguably on a level with those of Old World museums. Ann Getty is modestly introduced as a "board member of museums." Carroll Petrie, wife of the department store

multimillionaire, Milton Petrie, has recently declared herself a devoted collector of 18th-century French furniture; Seiji Tsutsumi, chairman of the Seibu Group, which has been playing a considerable role in the Japanese art market over the past decade, will be a powerful symbol to the Far Eastern world. Alexis Gregory, publisher of the Vendome Press, Emilio Gioia of New York City, president of IEC Properties (real estate is a field increasingly connected with art buying), Earl Smith, a former ambassador and new mayor of Palm Beach, and Leslie Herbert Wexner, founder-president of a retail operation and Modern Masters, almost certainly, that the fiercest battle will be waged in the coming year.

For the past 18 months, Christie's almost seems to be overdoing it on the prestige side. With Henry Ford II as vice chairman of the board, Sotheby's almost seems to be overdoing it on the prestige side.

It will be interesting to see what happens when the next batch of substantial Impressionists comes up for grabs. As far as Sotheby's is concerned, it is all the more so as Sotheby's enjoys the privilege of having three experts highly regarded by professionals in the field, David Nash in New York, Michel Strauss in London, and last but not least, Marc Bourdau of Paris, a rising star at Sotheby's.

There is a limit, however, to the competition between auction houses for glamorous collections. A commission war — bringing down the vendor's charge close to zero — is fraught with danger: auction houses need the revenue.

Pushing prices up to hysterical limits with clever campaigns geared to collection's glamour, real or supposed, is risky for the market at large. It is all right for a unique manuscript like the 12th-century Gospels of Henry the Lion to rise to \$8.14 million; this piece, seen as a national symbol, went to the West German nation, which will not be reselling it.

But many other extravagant prices are being paid by private buyers who may one day want to put their goods back on the market. Each time an object comes back, the vendor marks it up, slapping on a higher reserve price and making its sale ever more hazardous. When

Milton Petrie, Sotheby's chief executive, handling glamorous collections is costly. One can go just so far in hardbound catalog production, expensive cocktail parties and the like.

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NYSE Most Actives									
ATT-wl	15	1774	15	1774	15	1774	15	1774	15
LIT Co	15	1774	15	1774	15	1774	15	1774	15
GATT	15	1774	15	1774	15	1774	15	1774	15
WATCn	15	1774	15	1774	15	1774	15	1774	15
AEG-n	15	1774	15	1774	15	1774	15	1774	15
AT&T	15	1774	15	1774	15	1774	15	1774	15
POTD	15	1774	15	1774	15	1774	15	1774	15
ComNet	15	1774	15	1774	15	1774	15	1774	15
Star-Tec	15	1774	15	1774	15	1774	15	1774	15
MERL-y	15	1774	15	1774	15	1774	15	1774	15
Burke	15	1774	15	1774	15	1774	15	1774	15
Chase	15	1774	15	1774	15	1774	15	1774	15

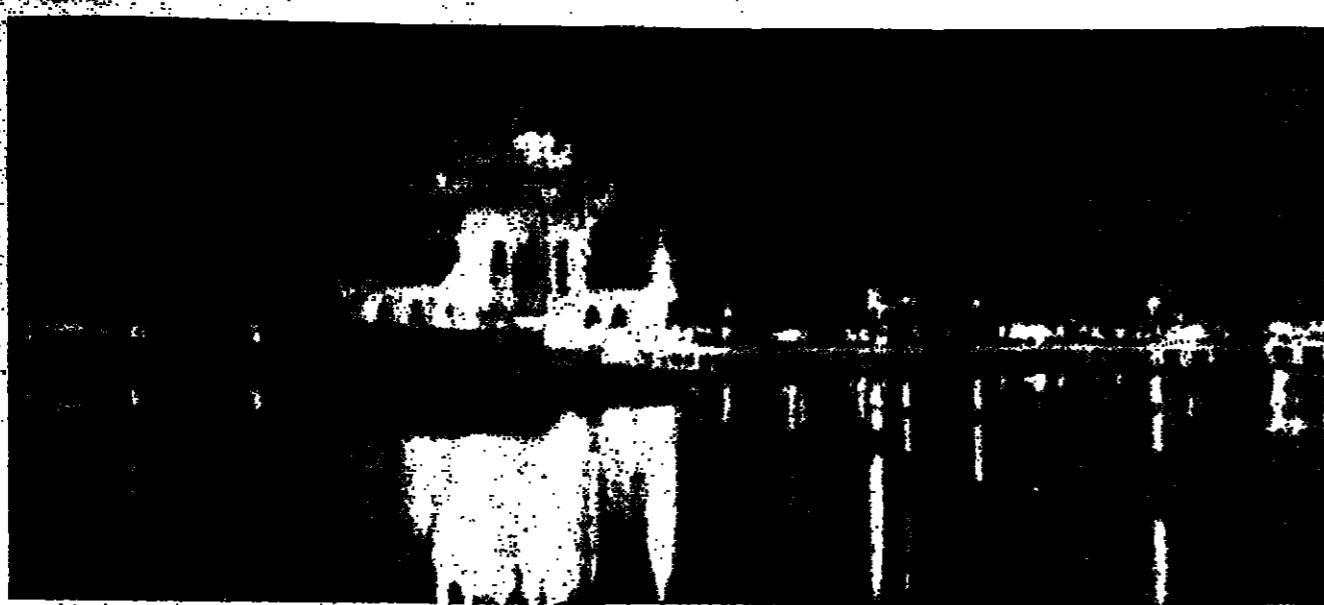
Dow Jones Averages									
Open	High	Low	Close	Chg.	Open	High	Low	Close	Chg.
115.18	115.24	115.02	115.15	+ .13	115.18	115.24	115.02	115.15	+ .13
131.36	131.50	131.24	131.34	+ .10	131.36	131.50	131.24	131.34	+ .10
131.14	131.27	131.02	131.14	+ .11	131.14	131.27	131.02	131.14	+ .11
171.54	171.56	171.32	171.54	+ .12	171.54	171.56	171.32	171.54	+ .12
171.52	171.56	171.32	171.54	+ .12	171.52	171.56	171.32	171.54	+ .12
171.50	171.56	171.32	171.54	+ .12	171.50	171.56	171.32	171.54	+ .12
171.48	171.56	171.32	171.54	+ .12	171.48	171.56	171.32	171.54	+ .12
171.46	171.56	171.32	171.54	+ .12	171.46	171.56	171.32	171.54	+ .12
171.44	171.56	171.32	171.54	+ .12	171.44	171.56	171.32	171.54	+ .12
171.42	171.56	171.32	171.54	+ .12	171.42	171.56	171.32	171.54	+ .12
171.40	171.56	171.32	171.54	+ .12	171.40	171.56	171.32	171.54	+ .12
171.38	171.56	171.32	171.54	+ .12	171.38	171.56	171.32	171.54	+ .12
171.36	171.56	171.32	171.54	+ .12	171.36	171.56	171.32	171.54	+ .12
171.34	171.56	171.32	171.54	+ .12	171.34	171.56	171.32	171.54	+ .12
171.32	171.56	171.32	171.54	+ .12	171.32	171.56	171.32	171.54	+ .12
171.30	171.56	171.32	171.54	+ .12	171.30	171.56	171.32	171.54	+ .12
171.28	171.56	171.32	171.54	+ .12	171.28	171.56	171.32	171.54	+ .12
171.26	171.56	171.32	171.54	+ .12	171.26	171.56	171.32	171.54	+ .12
171.24	171.56	171.32	171.54	+ .12	171.24	171.56	171.32	171.54	+ .12
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171.14	171.56	171.32	171.54	+ .12	171.14	171.56	171.32	171.54	+ .12
171.12	171.56	171.32	171.54	+ .12	171.12	171.56	171.32	171.54	+ .12
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171.06	171.56	171.32	171.54	+ .12	171.06	171.56	171.32	171.54	+ .12
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170.68	171.56	171.32	171.54	+ .12	170.68	171.56	171.32	171.54	+ .12
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170.56	171.56	171.32	171.54	+ .12	170.56	171.56	171.32	171.54	+ .12
170.54	171.56	171.32	171.54	+ .12	170.54	171.56	171.32	171.54	+ .12
170.52	171.56	171.32	171.54	+ .12	170.52	171.56	1		

BRUNEI

A SPECIAL REPORT

SATURDAY, DECEMBER 31, 1983 - SUNDAY, JANUARY 1, 1984

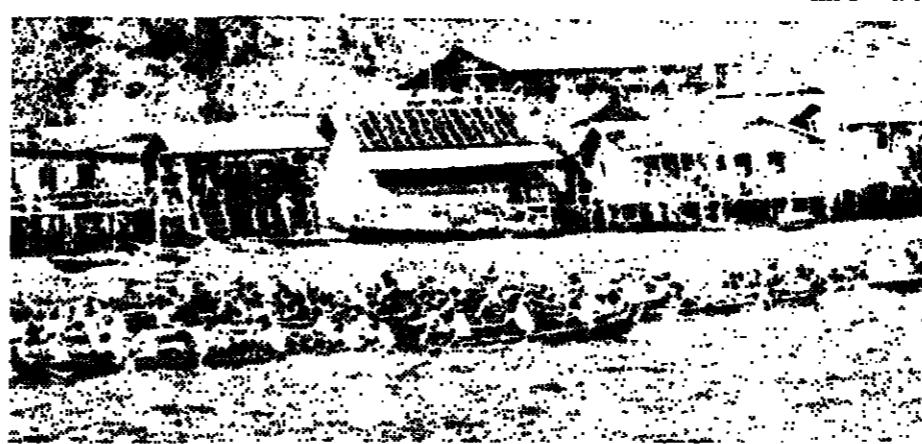
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The royal barge at the Omar Ali Saifuddin mosque.



Selling the morning's catch of shellfish and fish.



In Brunei, a celebration means a regatta.

A Gross Domestic Product of \$4 Billion, No Debts or Deficit

MOST EMERGING nations have to scramble for international aid to keep afloat, but Brunei's biggest problem is figuring out what to do with its cash. This tiny country has no debt, no trade deficit, no balance-of-payments crunch.

What it does have is a gross domestic product estimated at \$4 billion this year, and an average annual per-capita income of \$19,500, the highest in the Orient and one of the highest in the world.

With estimated foreign reserves of \$12.8 billion, Brunei acts as a magnet for financial institutions. The

Sheraton Utama Hotel, the capital's finest, is filled with commercial bankers from the West, all hoping for a piece of the action. They stand virtually no chance of getting it, since the nine banks currently operating in Brunei already constitute something of a banking glut.

Brunei welcomes all inquiries, however, and the acting chief minister, Pehin Abdul Aziz Umar, said he tries to meet with all banking representatives. "We may need them someday," he reasoned. "In the meantime, they can enrich our knowledge, like a dictionary. Any time we need their expertise, we'll be able to call on them."

"The agency has made incredible progress," one

In possibly the most dramatic example of its stride toward independence, the country recently set up the Brunei Investment Agency, which has taken over management of Brunei's investment funds from the British Crown Agents. One of its first acts was to appoint a new management team of Citibank and Morgan Guaranty Trust Co. along with two leading Japanese firms, Nomura Securities Co. and Daiwa Securities Co.

local banker declared. "It has done better than anyone could have hoped for."

The sultanate's economy is a simple one. Oil and gas account for 98 percent of its exports and 78 percent of its gross domestic product, with the remainder coming from trade, financial institutions, construction and agriculture. Officials would like to widen the economic base, but diversification is easier discussed than accomplished.

The government's policy is cautious, designed to

(Continued on Next Page)



Manning an offshore oil rig.

Crown Agents: Will They Survive Loss?

By Tim McGirk

NOTHING brings out the best in the Crown Agents like a good hoopla. Before Brunei becomes independent on Dec. 31, the Crown Agents, who have answered the every need of Britain's colonies for the last 150 years, will have draped miles of yellow, black and white bunting around the palace in Bandar Seri Begawan. They will have sewn smart new insignia on the uniforms of the sultan's ceremonial guard, and

even designed postage stamps to commemorate the event.

But the service that matters most — managing the investments of Brunei — will no longer be performed by the Crown Agents.

The loss of Brunei's £3.5-billion (about \$5-billion) portfolio may lead the Thatcher government to shut down the Crown Agents. The organization is seen by critics as an expensive curio, by supporters as a Third World trouble-shooter, able to gouge roads through Borneo's

jungle, track down a vaccine to fight spinal meningitis in Nigeria, or supply a spare washer for an ancient steam locomotive in the Hindu Kush.

The Crown Agents act as financial, professional and commercial agents for nearly 100 governments. By law, they are required to charge fees high enough to break even, but no higher. As former colonies were cast off from Britain in the 1950s, the agency attempted to

(Continued on Next Page)



Oil installations, above; below, a tanker loading.

From Imperial Riches To New Wealth of Oil

DESPITE ALMOST a century of British supervision, Brunei was never technically a colony of a Western power in the sense that Malaysia, Indonesia, Singapore and the Philippines were.

Now just a sliver of the northern edge of Borneo, the sultanate once ruled the entire island and much of what is now the Philippines. Marco Polo reported in his journals that Kublai Khan had tried to capture Brunei and failed. In the next century, Islam spread to the region and the first sultan of Brunei was installed in 1368.

The country's golden age came in the 16th century when Sultan Bolkiah — an ancestor of the current ruler, Sir Muda Hassanal Bolkiah — extended his domain as far north as Manila. Visiting Europeans were in awe of Brunei's riches, telling of palace guards attired in gold and silk, their weapons studded with pearls and precious gems. Even into the 18th century, travelers marveled that ordinary kitchen utensils were made of gold.

But after the remnants of Magellan's fleet arrived in 1521, Spanish, Dutch and Portuguese conquerors began encroaching on the empire.

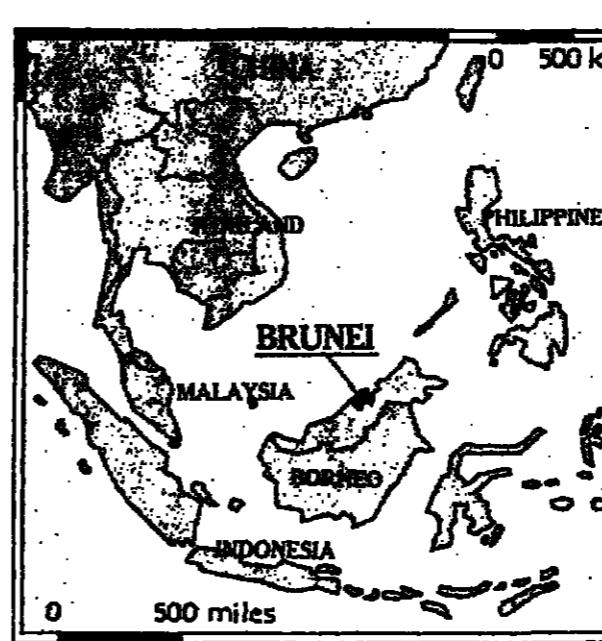
The British involvement with the sultanate began in the 19th century. From a base in Sarawak to the west, an English adventurer named James Brooke began in 1839 to peel away at the remaining territory of the Brunei sultane. Though Britain eventually colonized Sarawak and Sabah, to the east of Brunei, London's initial relations with the sultane were on a sovereign-to-sovereign basis.

In 1888 Britain took Brunei under its wing as a protectorate. Still more of Brunei's territory was seized by a successor of Brooke, and in 1906 London sent a British resident to the Brunei court, halting any further takeovers.

For the next two decades, Brunei remained a backwater post, hardly noticed by the British or anyone else. That began to change in 1929, when Shell discovered oil near the western settlement of Seria. As the money flowed in, Brunei was able to offer generous social benefits and a comfortable standard of living to its citizens — and once again Brunei with jealousy.

In 1941 the country was seized

(Continued on Next Page)



Brunei Becomes Nation After 20-Year Delay

By Sheila Daniel

BRUNEI, the world's 169th sovereign nation, will be born on Jan. 1, a small but healthy infant.

For Brunei, an Islamic sultanate that became a British protectorate in 1888 and a self-governing entity since 1959, the transformation ends nearly a century of British guidance. In practical terms, full independence means that the country will now assume responsibility for its own defense and foreign affairs, the only two responsibilities that had been left to Britain.

No flags will be raised or lowered; the Union Jack flies only over the office of the British High Commissioner.

Formalities will be confined to a religious ceremony at the central mosque and a reading of a declaration of the new status by the sultan, Sir Hassanal Bolkiah, to those gathered on a parade ground in the center of the capital. Further celebrations are saved for Brunei's new national day, Feb. 23.

Unlike many other new nations that have emerged since World War II, Brunei was less eager to sever its ties with London. With Britain representing it overseas, the oil-rich state was able to concentrate on the economy.

Current reserves, entirely from oil and gas revenues earned by Brunei Shell Petroleum Co., are estimated to be at least \$12.8 billion.

Brunei, a country about twice the size of Luxembourg, has a population of slightly more than 200,000. About 75 percent of the people are citizens.

Britain has been seeking to make Brunei independent for two decades, and officials in Bandar gradually had assumed increasing responsibility. In 1979, the sultan and his father, who had retired as sultan 12 years earlier, agreed to become fully independent after a five-year transition.

The delay, according to acting Chief Minister Pehin Abdul Aziz, was "a question of gaining more years of experience." In 1964, he said, "we only had three university graduates in Brunei. What could we do? Now we have 600. We can sleep a bit better. We've also built up our infrastructure."

In the early 1960s, Brunei's former sultan passed up a chance to join in the newly forming Federation of Malaysia. At the time, the region was shaky politically and economically. Malaysia was opposed by Indonesia and the Philippines, and there were fears that the countries might go to war. In 1962 in Brunei, there was a rebellion against the sultan, put down by British Gurkhas rushed in from Singapore. The revolt was widely believed to have been instigated by Indonesia.

Now, however, Brunei is about to join its neighbors in the regional alliance, the Association of Southeast Asian Nations. It also is expected to seek entry to the United Nations and other international organizations.

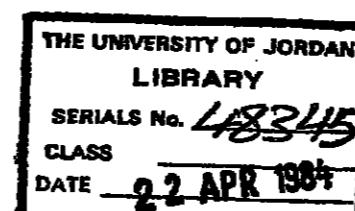
Eleven foreign missions either have opened or will open soon in Bandar. The head of one of them assessed the impact of independence this way: "The attitude is, 'we wouldn't have suggested it, but now that it's going to happen, it's OK.'"

The change is forcing Bruneians to look beyond their borders. "A few

(Continued on Next Page)

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Brunei Ceremonial Kris Knife

BRUNEI

Sultanate Becomes a Nation After 20-Year Delay

(Continued From Preceding Page)
 years ago when the Italian ambassador to Singapore made a courtesy call here, people literally had to get out their atlases to find Italy, recalled a foreign businessman based in Brunei. "All that's changing now with 11 foreign missions. Brunei is discovering the non-Commonwealth world."

One example of the new outward look came when the government earlier this year took control of its huge investment pool away from crown agents and handed it to a consortium of U.S. and Japanese money managers.

The capital city's skyline is dominated by the golden domes of the Sultan Omar Ali Saifuddin mosque and the new sprawling *Istana*, or palace. But the streets are crowded with symbols of Western influence, most notably the traffic jams of new Japanese and German cars. Virtually every family has at least one. At last count, nearly 54,000 private cars were registered in the country.

In the evenings, teen-age boys have begun to loiter in Bandar's two new center city shopping centers, dressed in the latest fashions and looking at the latest Japanese

electronic gadgets in store windows. But in a country in which many women observe traditional Islamic dress, girls are noticeably absent.

About half the city's 50,000 residents live in Kampong Ayer, a village on stilts built into the Brunei River. But whether home is a tin and wood shack in the Kampong or a high-rise apartment elsewhere, most people in Brunei can be found at night relaxing with a videotape recorder. Even in the Kampong, where the rustic homes nevertheless have running water and electricity, many are equipped with at least one TV, a stereo, modern kitchen appliances and washers and dryers.

The state has spread the oil wealth around. All citizens are entitled to free medical care and, if the local facilities cannot adequately deal with a problem, patients are sent with their families overseas without charge. A 500-bed hospital has just been completed.

School is free. A local university is planned. For now, students who qualify for university training are sent abroad with all expenses paid by the state.

Housing loans carry an interest rate of 5 percent. Most government workers are eligible for interest-free car loans. Those who live on the water qualify for low-interest outboard motor loans.

Stipends are given for a trip to Mecca, and many civil servants also are entitled to a free trip to England once in their careers. Electricity, water, gasoline and many food items, including rice, are subsidized.

Wages are good in comparison with neighboring states and, with government aid, most Bruneians can live well on their salaries. There is no personal income tax. The minimum wage for laborers is about \$6-a-day, but a high school graduate can go to work for the government at \$250 a month and a sophisticated arsenal.

work up to a mid-level position earning as much as \$700 monthly. Workers are eligible to retire at age 55 or after 30 years of service and are entitled to generous lifetime benefits.

There are 31,000 government employees, more than two-thirds of the local work force. The agriculture department has a staff of 2,000, although Brunei has only a few dozen farmers. The government is trying to stimulate the agriculture industry.

Some top officials worry that things may be a little too soft. "The danger is that people get used to the idea of being spoon-fed," a department head said. "They're used to the easy life and never have to work hard."

The government has begun a campaign to encourage the majority Malay population to take a more active interest in private business, long the preserve of the large Chinese immigrant population. Authorities are also urging young people to pursue advanced technical training to prepare them for careers in private enterprise, especially the oil and gas industry which ethnic Malays have traditionally shunned.

The Brunei economy depends heavily on the work of about 25,000 expatriate technicians and laborers and is likely to continue to do so until the current generation of secondary school and college students — more than 2,000 youngsters are currently studying abroad — complete their education.

At Brunei Shell Petroleum two of the top 100 management personnel are ethnic Malay citizens. The company is trying to hire more residents who are college graduates.

The 4,000-man military force is largely Malay, but it is commanded by a Briton and has 150 officers on loan from the British military. Their main function is to train Bruneians to operate and service a sophisticated arsenal.

About one-fourth of the 1983 government budget of \$1.04 billion was devoted to security and defense spending. The armed forces are equipped with some high-tech weapons, including Exocet missiles installed along with 30 mm cannons on three gunboats, a squadron of 16 Scorpion light tanks, a battery of Rapier air defense missiles, and several modern helicopters.

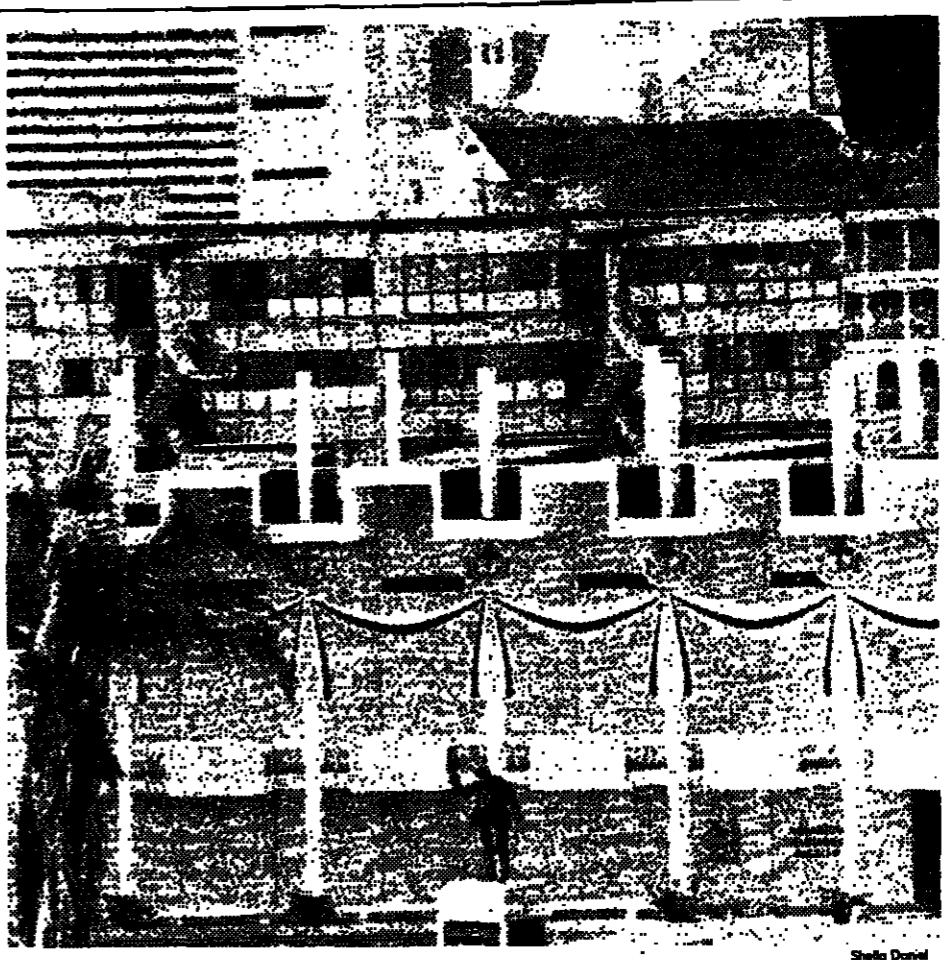
Military officials say Brunei is calm internally and enjoys harmonious relations with its neighbors. However, Vietnam is only 550 miles (890 kilometers) across the South China Sea, and Ho Chi Minh City is the closest major metropolis to Brunei.

"The threat in the short term is low," said Brigadier John Friedberger, commander of the Brunei Malay regiment. "Internally, the country is peaceful, and externally the neighbors are friends. In the longer term, all sorts of things could happen. It's our duty to have a defense force."

After independence, residents will continue to have reminders of their British legacy. Among them is a two-story museum dedicated to the memory of Sir Winston Churchill. Built in 1965 by then Sultan Omar Ali Saifuddin, the museum houses what is believed to be the largest collection of Churchill memorabilia outside Britain. Churchill was never known to have visited Brunei.

A larger than life statue of Sir Winston, with cigar in mouth and right hand clenched in the characteristic "V for victory" sign, is in front of the museum. It is the only statue or monument in the city.

Near the door is an inscription that makes the sultan's intentions clear. It reads: "His highness, the sultan of Brunei, commissioned this memorial exhibition as an inspiration and a challenge to the youth of today and tomorrow."



Churchill statue in front of the Churchill Museum in the capital.



The daily market in Bandar.



Setinggi-tinggi Tahniah kepada

Kebawah DYMM Paduka Seri Baginda Sultan dan
Yang Dipertuan Negara Brunei Darussalam,
Kerajaan dan Rakyat Baginda
sempena

Kemerdekaan Penuh Negara Brunei Darussalam
1hb Januari 1984

"MERDEKA BERDAULAT"

Heartiest Congratulations
to

His Majesty Paduka Seri Baginda Sultan
and Yang Dipertuan Negara Brunei Darussalam,
His Majesty's Government and People
in conjunction with the

Full Independence of Negara Brunei Darussalam
on

1st January 1984

"MERDEKA BERDAULAT"



Brunei Shell Petroleum Company Limited

Brunei LNG Limited

Brunei Coldgas Limited

Brunei Shell Marketing Company Limited

Crown Agents: Future in Doubt

(Continued From Preceding Page)

diversify into such profitable ventures as real estate. But the effort lost £21 million in 1974 when the British property market collapsed.

Slowly, the Crown Agents began pulling themselves out of debt by providing investment and financial advice to more than 300 agencies in Africa, Asia and the Caribbean. Their clients range in size from Nigeria and Canada to Pitcairn Island. Brunei's oil revenues, however, amounted to 70 percent of the capital managed by the agents.

Alan Frood, the managing director of the Crown Agents, said Brunei advised his organization well in advance that it intended to exert more control over its investments as independence approached. "Our relationship with Brunei has always been friendly. For several years we have known that the Brunei government wished to set up its own investment office," he said.

Still, when the news came — as a short telex message in June from Brunei's chief minister — it was a shock. The agency's chairman, Sir Sidney Eburne, had been in Brunei a week before and had not been informed of the impending loss of the account. Soon after the announcement, officials from Brunei and representatives from Morgan Guaranty Trust Co. and Citibank — which took over the portfolio previously managed by the Crown Agents — came to London to explain the transfer. The new Brunei investment office had hired Morgan and Citibank on an "interim" basis only, the officials said, but

their decision to switch to the U.S. banks clearly stung the agents.

This was compounded by reports from New York that the banks would earn fees of £20 million annually, four times more than the agents' take.

Two London investment houses, James Capel and Morgan Grenfell, had been managing smaller shares of Brunei's investments, and there was no sign that they had outperformed the Crown Agents. Mr. Frood said Brunei simply wanted to assert financial independence from its old colonial master. "This business of running one's own show is strongly nationalistic," he said.

Without Brunei, the agents found themselves unable to pay back nearly £35 million in loans due in 1983. Peter Graham, a senior deputy chairman of the Standard Chartered merchant bank who took over from Sir Sidney in August, appealed to Sir Geoffrey Howe, the foreign secretary, in early November to allow the debt to be rescheduled.

But there was pressure coming from the Foreign Office and the Treasury to close down the Crown Agents. Under this plan, the Foreign Office would take over the agency's development projects, while the job of advising former colonies on their financial affairs would be tossed to the hungry bankers of London. The Thatcher government was particularly incensed by press reports that civil servants who were left without work after the Brunei contract was lost had been told to stay at home until further notice while continuing

to collect their £25,000-a-year salaries.

Mr. Graham went about selling his survival plan for the Crown Agents with merchant-banker zest. He told Sir Geoffrey and Timothy Raison, the minister for overseas development to whom the Crown Agents were directly responsible, that the institution could be turned into a profit by 1986. He proposed cutting its staff to about 800 — there were 2,200 on the payroll in 1979 — and selling off its headquarters in Millbank, two doors down from Westminster Abbey, to pay off outstanding debts.

Mr. Graham saved his strongest bargaining point for last. It would cost almost £40 million to close down the Crown Agents, he said, and if they perished, another £140 million would be lost as well. This was the value of orders the Crown Agents had subcontracted in the 1982-83 fiscal year to British firms, mostly companies too small to sell their goods and services overseas without an intermediary.

Not all the Crown Agents' subcontractors are British, though. To survive, the Crown Agents have had to shed their colonial image, putting their clients, or "principals," ahead of 10 Downing Street. Buy British, the Crown Agents will say, but only if it is the best.

"There is a regular pattern," Mr. Frood said. "Our former principals will try subcontracting on their own, and once they realize we do it better and cheaper, they switch back." The Crown Agents hope that Brunei will follow the pattern — and that they will still be in business when that time comes.

\$4-Billion GDP and No Debts

(Continued From Preceding Page)
 develop at a moderate pace and avoid the mistakes of overexpansion made by other oil-producing states. Its 1983 budget of \$1.04 billion represented a 22-percent leap over the previous year, but included \$279 million for development projects deemed necessary with the coming of full independence.

John Lee, the former state financial officer, pointed out in his 1983 budget address that the increase in spending was not a problem, since revenue was 165 percent greater than expenditures. But he warned that a year earlier that difference was 275 percent; the reduction reflected lower world prices for energy and Brunei's decision to cut back oil production.

The government will not say how long it expects the energy reserves to last, but some unofficial estimates put the end year in the next century. Accordingly, the current five-year economic plan is aimed at diversifying the economy through agricultural and industrial development.

Brunei does have some potential for agriculture, although only 20 percent of its 2,226 square miles (5,764 square kilometers) is arable. But government plans to lure people back to farms have largely failed because more lucrative jobs are available. The country has estimated reserves of 20 million tons of high-grade silica, but officials have decided to leave the resource untouched until the money is needed. Tax concessions have been offered to encourage investment in fertilizer

and petrochemical projects, but so far there have been no takers.

The chief reason for the development gap is found in simple arithmetic. Half of Brunei's 205,000 people are under 21. The labor force of 70,000 includes 25,000 foreigners. Of the remaining working residents, nearly seven out of 10 are in the government payroll.

Expatriates control most of the banking and financial institutions, while trade and commerce are largely in the hands of the Chinese community, few of whom hold citizenship.

It is these two areas that worry officials the most. Increasingly, they are encouraging the native Malay citizens to participate more actively in the private sector. To stimulate involvement, the government is concentrating on educating its young people. This year, it budgeted \$13 million to build new schools. There are no colleges yet, but the government pays the tuition, fees and housing for all qualified youngsters who go to a university overseas. According to Mr. Aziz, the acting chief minister, Brunei now has 600 university graduates. More than 2,000 students are currently studying abroad, most of them in Britain. Still, Mr. Aziz is worried.

"That's nowhere near enough for the next five, seven, 10 years," he said. "We have very few local lawyers or economists or doctors, although we do have about 50 engineers. Education is costly, but we have no choice but to develop our manpower."

A Long History of Wealth

(Continued From Preceding Page)
 by the Japanese, who used the oil for its war effort. In 1945, Australian troops under U.S. General Douglas MacArthur liberated Brunei. The British returned, but in 1959 Brunei was reclassified as a protected state, with the British taking responsibility only for its external affairs and defense.

The sultan, Sir Omar Ali Saifuddin, allowed a constitution to be written, but retained absolute authority. In the early 1960s, he considered joining other previously British-controlled sultanates in the federation of Malaysia, but he backed out in an apparent dispute over Kuala Lumpur's designs on his wealth. Instead, he chose to remain under British tutelage until Brunei could stand on its own.

In 1962, the importance of that British connection became clear. Parliamentary elections were held

for the first time under the new constitution and the overwhelming winner was the radical Brunei People's Party. The sultan blocked the new legislative council from meeting, however. Within months, the party staged an armed revolt against the sultan. British troops, airlifted from Singapore, crushed the rebellion, which was widely believed to have been supported by Indonesia. At the time, Jakarta was vehemently opposed to the Malaysian federation and was known to have designs on the Borneo-based sultanates.

Following this period of crisis, Brunei again became peaceful and prosperous, but its semi-colonial status caused Britain considerable problems in the United Nations. In 1971 Brunei agreed to become semi-independent but insisted that the British retain control of foreign affairs and serve as a consultant for defense. That arrangement was frowned upon by Indonesia and Malaysia, which continued to call in the United Nations for free elections and a final cut of ties to London. At the time, British diplomats pleaded that the problem was not that Brunei wanted them to leave, but that Brunei would not give Britain its freedom.

The dilemma was solved by a 1979 treaty, which stipulated that Brunei would become a fully independent entity after a five-year transition period.

"People are finally beginning to realize the wisdom of our putting off independence," one influential Bruneian said recently. "We've broken all the rules, but are going into 1984 considerably better prepared than most developing countries. We bought time — and used it. So what you are seeing now is not the birth of a nation, but the birth of a sovereign state."

BRUNEI

Agriculture: Wealth Slows Development

TRADITIONALLY a nation of farmers and fishermen, Brunei, through oil wealth, has turned into a country that sends out for its supper. Fish abound in the rivers and the South China Sea, but Brunei imports more than half of its seafood, and virtually all of its rice comes from Thailand.

The government has gone to considerable lengths to restore local food production, but the effort to lure people back to their plows has largely been a failure.

"If this trend is not checked, we might not be getting anybody interested in agriculture in five years' time," said Daniel bin Hanafiah, the director of the agriculture department. "We've been trying to get people to grow rice for 10 years, giving 50-percent subsidies for fertilizers and the costs of land preparation, a 100-percent subsidy for pesticides. And advice is always free. But the economy is so good that nobody wants to invest in

center. The graduates, about 15 a year, get 10 acres of land and a 15-year interest-free loan from the government to ensure a steady supply of beef because it is bolder. Two years ago the government bought a cattle ranch in northern Australia that, at 2,262 square miles (5,868 square kilometers), is slightly larger than Brunei itself. The purchase was made after an epidemic in 1974-1975 wiped out two-thirds of Brunei's water buffalo population and hoof-and-mouth disease in Malaysia and Thailand threatened to curtail meat imports.

The Australian ranch supports a herd of 30,000. About 250 head are shipped every month to Brunei, where they are slaughtered in accordance with Islamic dietary laws.

Another 350 head are imported monthly from Australian producers. Officials are said to be considering the purchase of another ranch to eliminate or reduce the outside imports.

Brunei may be the only country in Southeast Asia that has to import tropical fruits like bananas and pineapples. About \$5 million was spent in 1982 on such imports. Unusually short growing seasons for many fruits make domestic production difficult, but an intensive effort has been launched in the last two years to stimulate the planting of mangoes, citrus fruits and other crops.

Brunei has been importing Thailand rice for two decades. In 1982, the government bought 18,000 tons and sold it at a highly subsidized retail price of 19 cents a pound (454 grams). Meanwhile, it spent \$1 million in the last year alone to stimulate local rice production.

Such disinterest has not deterred the government. In 1983, the agriculture department had a \$6-million budget and 2,000 employees, even though officials acknowledge there are more than a few dozen full-time farmers left in the country. According to Mr. Daniel, the long-term goal of this heavy spending is to return the country to self-sufficiency in rice, meat, vegetables and fruit.

One bright spot is in vegetables. The country is virtually self-sufficient in tropical varieties. The only imports are "exotic vegetables such as carrots and potatoes," Mr. Daniel said.

Officials acknowledge that their spending on agricultural projects is not currently cost-effective, and that it would be much cheaper to import food to encourage people to grow it. But the government is looking ahead to the day when the oil boom ends. "Our only alternative is for people to get involved with agriculture," said Mr. Daniel, adding that the potential for developing other industries is extremely limited.

"The government wants to see the infrastructure for agriculture developed now, before the oil runs out."

CONTRIBUTORS

SHEILA DANIEL, who contributed all but one of the articles to this report, is a Bangkok-based journalist who follows economic and political affairs in Southeast Asia. TIM McGIRK, a London-based financial journalist, is a contributing editor to the magazine Euromoney.



Sir Muda Hassanal Bolkiah

Brunei Information Service

Brunei Television

The sultan playing polo.

Reluctant Monarch Develops a Keen Interest in State Affairs

SIR MUDA HASANAL BOLKIAH, Brunei's ruler, came to his throne with great reluctance.

He was studying at Britain's Sandhurst Royal Military Academy in 1967 when Sultan Omar Ali Saifuddin abruptly decided to abdicate in favor of his eldest son. The 21-year-old had just begun to discover his passion for military studies and had developed into a favorite with fellow cadets and teachers. Friends say that his recall to Brunei came as a shock.

"I am happy but sad," Sir Hassanal acknowledged when he was installed as sultan on Oct. 5, 1967. "I am young and inexperienced; however, I have full faith in my father and the [privy] council, and hope to receive their constant advice."

In the years since, the sultan has proved to be a

keen student of his father, who is known as the architect of modern Brunei. He is a frequent visitor to government offices and makes final decisions on both major policy matters and minor civil service reassessments.

As the 29th sovereign in an unbroken family line, the sultan represents one of the oldest monarchies in the world. While royalty in the West have come to be objects of curiosity or even ridicule, this Islamic state still views its leaders with reverence.

"People often misunderstand our feelings," one Bruneian official said. "Malays don't normally show emotion openly. It's a relation of respect rather than shouting to a leader like a politician. When Queen Elizabeth came here, there was a hushed silence — as a sign of respect."

Trained as a helicopter pilot at Sandhurst, Sir Hassanal takes a great interest in the military and has equipped the Royal Brunei Malay Regiment with sophisticated weaponry such as Rapier and Exocet missiles. During a recent exercise, the sultan flew his Sikorsky to the mock battlefield, learned to operate a new Scorpion tank and promptly demolished his targets.

The sultan spends his mornings with family and friends, and at 11 A.M. begins the work day — signing documents, meeting with officials and consulting aides. His father serves as an adviser, as do the sultan's brothers, Mohamed, Sufri and Jeffi.

After the work is done, Bruneians may spot their monarch in traffic; he generally is accompanied by motorcycle escorts only for official functions. More often than not, he will be on his way to the country club for a game of polo.

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The sultan spends his mornings with family and friends, and at 11 A.M. begins the work day — signing documents, meeting with officials and consulting aides. His father serves as an adviser, as do the sultan's brothers, Mohamed, Sufri and Jeffi.

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BUSINESS/FINANCE

SATURDAY DECEMBER 31, 1983 - SUNDAY, JANUARY 1, 1984 **

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ECONOMIC SCENE

By PETER BEHR

**A Layman's Guide to AT&T Breakup:
If a Thing Ain't Broke, Why Fix It?**

WASHINGTON — The breakup of American Telephone & Telegraph Co.'s Bell System on Jan. 1 is an event that seems to many people to fly in the face of common sense. Simple wisdom says, "If it ain't broke, don't fix it." So why the Bell System? Why change something that was so reliable — and such a relative bargain?

Because common sense, in this case, may not be the best guide to what is good for us. Most telephone users are only vaguely (if at all) aware of the vast technological changes that have been sweeping through the U.S. telecommunications industry. These changes made some kind of fundamental restructuring of good old Ma Bell all but inevitable.

In the past 15 years, it became possible for small, independent telephone companies to use microwave antennas or satellites to transmit telephone conversations more cheaply than the Bell System could, with its huge investment in cables, switching systems, buildings, operators and support staff.

Why change something that was so reliable — and such a relative bargain?

If you don't like what's happening to your phone service, blame Hitler. He started World War II, which provided the compelling reason for early developments in several of the new technologies that the Bell competitors are now exploiting. Radar led to microwave transmissions, which now provide an alternative to communications by means of costly land lines.

And the need for rapid calculation of the paths of artillery shells spurred the development of computers, which enable even small companies to handle millions of phone calls relatively cheaply, without armies of operators and support staff.

The first of these companies appeared in 1968 and have increased steadily in number, tipping off small corners of Bell's telephone monopoly by offering cheaper long-distance service for customers who make a lot of long-distance calls. Eventually, these companies could be doing the same thing for local service, processing calls coming in and out of a subdivision or office building at a cheaper rate than the phone company charges.

New Rivals to AT&T

The emergence of MCI Communications Corp., GTE-Sprint and some smaller companies provided a challenge to Bell and a major headache for government regulators of the phone industry.

Initially Bell raised engineering roadblocks to make it more difficult for them. It tried to get Congress to outlaw such competition. But regulators and politicians recognized that keeping the old monopoly system would mean squashing the Bell competitors.

It also would have meant discouraging the fast-growing communications-equipment companies (an important high-technology sector of the economy) that relied on Bell's competitors to sell their products because they had trouble selling their wares to Bell. Preventing the growth and development of these companies, it was feared, could have meant a loss of jobs, taxes, salaries and dividends.

It could also have held back the U.S. telecommunications industry at a time when Japan was beginning to vie for a bigger piece of the huge and growing global communications market.

U.S. District Judge Harold Greene, who handled the Justice Department's case against AT&T, reached the preliminary conclusion that AT&T's treatment of its competitors violated the antitrust laws. Judge Greene's position was a big reason why AT&T stopped fighting the Justice Department and accepted the breakup that takes effect Sunday.

But AT&T also saw some decided advantages in this development, for it meant that Bell could enter the computer business and other high-tech sectors that would have been closed to it if it had stayed a regulated monopoly. Bell concluded that it could succeed as a competitive phone and equipment company once it was free of the weight and inertia of overseeing a nationwide telephone monopoly.

If we have any confidence in the competitive system, we ought to feel a little more comfortable with a telephone system with lots of players rather than one dominated by a single big one.

And it won't be that confusing. If you are leasing your phone now, you can do nothing. Beginning Sunday, you will be leasing it from AT&T and you still pay the rental charges to your local phone company, which will forward the amount to AT&T.

With a little effort, you can buy that phone from AT&T and in a year, you'll be ahead financially. Chances are, it will hold up for five or 10 years without needing repairs. If you can afford it, you can experiment with a second phone — for instance, one that can travel from room to room, or one that remembers numbers and dials them automatically.

The problem with changing from a monopoly phone system to a competitive one is that from now on the driving force in the telephone industry will be profits rather than basic telephone service to homes and businesses.

The old Bell monopoly was obligated to provide "universal service." Rich or poor, all individuals were entitled to the same.

There were, however, more inequities than met the eye. For one thing, long-distance callers subsidized local callers. Bell was able to keep local charges low by charging the long-distance callers more. That had to work.

(Continued on Page 13, Col. 1)

Gulf Wins Contest With Mesa**53% of Stock Is Voted For reincorporation**

Compiled by Our Staff From Dispatches

PITTSBURGH — Gulf Oil Corp. won its proxy fight to reincorporate in Delaware, winning 52.7 percent of shareholders' votes in an election widely viewed as a referendum on Gulf's future, according to a preliminary count released Friday.

The reincorporation in Delaware will allow Gulf to change its voting procedures to make it more difficult for an outsider to win a seat on the Gulf board.

Under the plan, Gulf would keep its headquarters in Pittsburgh but operate under Delaware law.

The plan was submitted to a special shareholder vote Dec. 2, following one of the biggest proxy battles in U.S. corporate history.

The reincorporation election was aimed at wounding the Gulf Investors Group, which is pressuring Gulf management to restructure by spinning off some of its oil reserves. Gulf management oppose the spin-off idea, saying that it would weaken the company by depleting its funds available for oil and gas exploration.

Gulf, currently incorporated in Pennsylvania, is the fifth-largest oil company in the United States.

The investor group is led by Mesa Petroleum Co.'s chairman, T. Boone Pickens Jr., and holds 21.7 million Gulf shares, or 13.2 percent of the total outstanding.

"Our shareholders recognize that their long-term interests are best served by keeping Gulf a strong company in the oil industry," Gulf's chairman, James E. Lee, said in a statement Friday.

Gulf received 87.1 million votes in favor of moving the corporate charter. The preliminary results, tallied by independent judges, show that 52.3 million votes were cast against the plan. Gulf has about 165 million shares outstanding, of which about 86 percent were voted.

Mr. Pickens said the vote count indicated that "many of our fellow Gulf shareholders shared our views that management's reincorporation proposal was not in the best interests of shareholders."

He added that Gulf stockholders had sent their company a message: "They want management to take positive steps to achieve enhanced value" for Gulf stock.

"The Gulf Investors Group intends to continue to pursue ideas which will maximize values for all Gulf shareholders," Mr. Pickens said. "Business as usual is an unacceptable game plan for Gulf."

Mr. Pickens did not say what specific steps his group would take next.

The preliminary election results are subject to review and challenge by both sides, and final results are expected Jan. 18, according to Gulf.

(AP, Reuters)



Workers assemble computer parts for IBM at an Atlas Industries plant in Hong Kong. (Associated Press)

New Leadership, IBM Contract Push Prospects of Atlas Industries HigherBy Steve Lohr
New York Times Service

HONG KONG — In the last few years, Atlas Industries has been transformed from a floundering, loss-ridden maker of simple electronics items into a highly profitable maker of sophisticated parts for leading computer companies in the United States.

Larry Tam, an analyst for Sun Hung Kai Research Ltd., called the turnaround "just incredible."

The change is largely attributable to U.S. technology and management, brought into the company in 1980 when Albert J. Miller, an entrepreneur from California's Silicon Valley, bought control of Atlas and became its chairman.

Analysis is also impressed by the company's prospects, and the principal reason can be summed up in three letters: IBM.

Atlas recently signed a large contract to supply International Business Machines Corp. with computer heads and assembled floppy-disk drives. The parts will be used in personal computers. Analysts say the contract will be worth more than \$170 million during the next three or four years.

Atlas executives would not disclose the size of the contract, but Mr. Miller, who was in Hong Kong recently, said: "IBM is talking about tremendous volume. They're pushing us."

Though still tiny by international standards, the Hong Kong-based company is certain to expand dramatically, analysts say. In the year ended last March, Atlas' \$2.4 million profit, to \$4.1 million, on sales of \$32.4 million.

For the current fiscal year, Atlas will again double its income, to \$8.3 million on sales of \$47.7 million.

according to W.L. Carr Sons & Co. For the following year, Carr expects Atlas to earn about \$12 million on sales of \$100 million. Some analysts say the Carr figures are unduly conservative, predicting that profits next year will double again, to \$16 million.

Investors, especially European-based institutions, have driven the price of Atlas shares up sharply, at a time when the Hong Kong market has been in the doldrums. In April 1982, Atlas stock sold for 47 Hong Kong cents (6 U.S. cents) a share. Recently, the stock has been trading at 5.46 Hong Kong dollars a share.

Atlas garnered the IBM contract by gaining a top rating for quality and on-time delivery of computer heads in 1982, outperforming other contenders from the United States and elsewhere.

A computer head transfers electronic digital signals into magnetic impulses stored on computer tape and memory disks. It also works the other way, transferring the coded information stored as magnetic impulses back into digital signals for processing by the computer. The heart of the computer head is a very thin piece of ferrite that is finely polished.

A floppy-disk drive turns the magnetic disk at high speed and moves the head to various points on the disk, to pick up or put down information.

Besides efficient production, Atlas has another advantage: It is not a Japanese company. The largest independent suppliers of computer heads are Japanese, including Matsushita Electric Industrial Co. and TDK Corp.

Although large U.S. computer companies generally make heads themselves, they also buy them. Atlas also

(Continued on Page 13, Col. 1)

Fed Reports M-1 Rose \$1.6 Billion

Compiled by Our Staff From Dispatches

NEW YORK — The narrowest measure of the U.S. money supply, M-1, rose \$1.6 billion in the latest week, but dealers said there was little reaction because the Federal Reserve is now believed to be focusing its attention on the economy itself.

"With the Fed now apparently basing its policy decisions on the level of economic growth instead of money growth, the intensity of the weekly M-1 watch should ease at least for the time being," said a Wall Street analyst.

Money-supply growth remains within the Fed's target range but in any event the availability of other checking or cash-equivalent instruments makes M-1 a less reliable gauge of the potential for inflationary spending spree.

M-1, comprised of cash, checking and similar accounts — money that is available for immediate spending — was a seasonally adjusted average of \$522.3 billion in the week ended Dec. 21, compared with \$520.7 billion the previous week.

In the latest 13 weeks, M-1 has averaged a 2.5-percent annual rate of gain.

Commercial and industrial loans at major banks in the United States rose \$1.87 billion in the latest week, compared with a gain of \$44 million the previous week.

The four-week moving average of M-1 rose to \$520.7 billion from \$520 billion.

The previous week's M-1 level

was left unrevised at \$520.7 billion.

The Fed also reported that U.S. banks had daily average net borrowed reserves of \$139 million in the statement week ended Dec. 28.

In the previous week, banks had net borrowed reserves of \$262 million, in contrast to \$520.7 billion the previous week.

A spokesman for the Federal Reserve Bank of New York said that, before the statement week ended on Wednesday began, the open market trading desk estimated that system factors and its commitments to customers would drain reserves from the banking system.

As it turned out, reserves were more abundant than initially forecast.

(UPI, Reuters)

Allianz Gives Up Fight With BAT For Eagle StarBy Bob Hagerty
International Herald Tribune

LONDON — Allianz Versicherungen AG said Friday that it was abandoning its effort to take over Eagle Star Holdings PLC, Britain's sixth-largest general insurance company.

Allianz, West Germany's No. 1 insurer, provisionally agreed to sell its 30-percent stake in Eagle to a rival bidder, BAT Industries PLC.

BAT, a London-based tobacco and retailing giant, agreed to pay £968 million (\$1.4 billion), or 700 pence apiece, for all of Eagle's shares outstanding. Previously, both Allianz and BAT were offering 675 pence a share.

Allianz and BAT, by contrast, said they got along so well during the contest that both sides believe there may be other areas of possible cooperation between them.

(Continued on Page 13, Col. 2)

Bonn Planning To Sell 13.75% Of Veba Shares

Reuters

BONN — The West German government said Friday that it was planning to sell 13.75 percent of Veba AG shares outstanding. The move is the first major move by Chancellor Helmut Kohl's center-right government to put into effect its plans to return state holdings to the private sector.

The face value of the package of 4.6 million shares is 232 million Deutsche marks (\$85.4 million). Each share has a face value of 50 DM.

On the Frankfurt Stock Exchange, Veba shares closed Thursday at 167.50 DM, compared with a peak price for the year of 183.40 DM and a 136.50 DM low.

Hans Tietmeyer, the Finance Ministry's state secretary, said that the government expected to raise more than 700 million DM through the sale.

The sale would reduce the government's holding in Veba, a diversified industrial company, to 30 percent from the current 43.75 percent, but the government plans later to lower its stake to about 25 percent, he said.

Selectivity — The Key To Substantial Gains In Today's Stock Market

High-technology stocks in the United States have taken the brunt of the latest market correction — foreshadowing a spate of disappointing profits reports from such high-tech leaders as Apple Computer, Digital Equipment and Coleco.

Now what? The fact is that no industry sector offers greater capital gains potential than those companies in the vanguard of the high-technology revolution — whether they are in telecommunications, robotics, office automation or biotechnology.

The challenge today for investors is selectivity — the ability to sift through the myriad of high-tech companies and choose those stocks that offer the greatest capital gains potential over the next year.

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Market Closings

BUSINESS BRIEFS**E.F. Johnson Accuses Japanese Firm Of Employing Unfair Trade Practices**

WASHINGTON (WP) — E.F. Johnson Co., a Minnesota electronics concern, accused a Japanese competitor of using unfair trade practices to keep Johnson out of the infant U.S. cellular radio-equipment market.

Johnson said Thursday that the Japanese company, Kokusai Electric Co., had offered to supply Western Electric Co. with key parts for cellular radio telephones at about one-third their fair market value in an attempt to keep U.S. bidders from getting a foothold in the domestic market. Kokusai's bid was less than half of Johnson's.

Johnson said in its dumping complaint filed with the Commerce Department's International Trade Administration that Kokusai had failed to satisfy Western Electric's needs for transceivers at \$301 a unit. Johnson's attorneys, unable to discover the price in Japan for the units, estimated their "fair value" at \$1,777. Johnson's own bid, ranging from \$300 to \$1,500 a unit depending on the quantity ordered, would have beaten that price, the company said.

Eastern Airlines Gets Loan Extension

MILANO (UPI) — Eastern Airlines said Friday that its lending group had approved a \$367-million employee-back bailout plan and signed documents that will keep the financially troubled carrier out of default.

The First National Bank of Boston, one of Eastern's lenders, signed loan extensions on behalf of the airline's senior bank and insurance company lenders. The previous agreement expires at midnight Saturday. Failure to extend it would have meant the airline could face legal action, including repossession of its planes.

The plan allows for Eastern's 37,000 workers to participate in a wage-for-stock trade. Mechanics, flight attendants and nonunion workers will give up 18 percent of their salaries and pilots will forego 22 percent of their pay. In return, the workers will get 25 percent of Eastern's stock.

Gannett, Mitsubishi Discuss Venture

TOKYO (AP) — Mitsubishi Corp., Japan's largest trading company, has begun discussions with Gannett Co. about the possibility of transmitting news and other information services to Japan via satellite, a Mitsubishi spokesman said.

David Shapiro, executive advisor to Mitsubishi International in New York, described the talks as "preliminary" in nature and said they had not yet focused on specific services. But the disclosure comes several weeks after public statements by Gannett's chairman, Allen H. Neuharth, that during 1984, the company will begin exploring the possibility of publishing its daily newspaper, USA Today, "in the Pacific." Gannett is also considering publishing an European edition of the paper.

Pennzoil Offer Gets Frown From S&P

NEW YORK (Reuters) — Standard & Poor's Corp. said it placed Pennzoil Co. and Pennzoil Overseas Finance NV on its Creditwatch list following Pennzoil's announcement of a \$1.6-billion tender offer for 20 percent of Getty Oil Co.'s shares outstanding.

Pennzoil is to finance its bid with \$300 million in cash and a \$1.3-billion drawdown of its existing \$2.5 billion credit facility. This means that cash-flow protection for current bondholders may be reduced, the rating firm said.

Amexco Active on Takeover Rumors

NEW YORK (NYT) — Shares of American Express Co., responding to rumors that the financial-services concern might become a takeover target, leaped to sixth place among most-active issues on the New York Stock Exchange Friday, with nearly 700,000 shares traded. The stock fell 23 cents, to close at \$32.50.

Speculation centered on Carl Lindner, chairman of Penn Central Co., who reportedly was a big buyer of American Express. But Wall Street sources said Thursday that they had not seen any trading by Mr. Lindner.

AT&T Breakup: 'If It Ain't Broke, Why Fix It?'

(Continued from Page 11)

and enabling businesses and individuals to tie into computerized data bases.

AT&T is expected to stop making simple home phones altogether,

and concentrate on making more complicated equipment, such as "smart" phones and switching terminals. More and more traditional home phones will come from Hong Kong, Taiwan and Japan.

There is danger that rising phone and equipment charges will force the poor to curtail their use of the phone, or give it up entirely.

Now, under the breakup, accountability should be somewhat easier. Also, Bell is now free to jump into the competition of the information age without the legal restrictions caused by its past monopoly status. The telephone business of the future will involve a lot more than strung phone connections between individuals and businesses. It will involve transmitting huge amounts of data between business computers, serving homeowners with personal computers

IMF May Raise Interest On Lending, Borrowing

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — The International Monetary Fund would pay higher interest on the money it borrows from rich countries and charge more for the loans it makes to poor countries under a proposal expected to be approved within days by the board of governors, officials from several countries said Friday.

The United States has just gone through a congressional debate over costs of support for the 146-nation institution, and is leading the fight to end the interest-rate subsidy, with the strong backing of West Germany, the officials said.

The IMF operates as a giant credit union, borrowing from some members and lending to others. It pays interest to the countries that lend their money, such as the United States and West Germany, at 85 percent of the market rate.

At current levels, lenders receive 7.4 percent from the IMF, against a market rate of 8.7 percent. The market rate is computed on the basis of the average yield of three-month Treasury bills in the United States, West Germany, France, Britain and Japan.

A U.S. official who would comment only if not identified said the overall U.S. objective was "to reduce the budgetary cost to zero" of support for the IMF.

According to Treasury estimates, the interest rate subsidy will cost U.S. taxpayers as much as \$100 million a year over the past decade.

The initiative to end the subsidy comes as the Reagan administration draws up its budget for fiscal 1985, which begins next Oct. 1. An agreement, which some officials said could emerge Friday, could mean projected savings when the budget is published, scheduled for Jan. 30.

Developing countries are unhappy about the proposal because it will mean higher costs for them. Next year the IMF is expected to lend about \$14 billion to cash-short Third World countries.

Should those nations' IMF borrowing rates rise by 1 percentage point, for example, officials said, that could mean an additional cost of \$140 million.

The IMF now charges only 6.75 percent on the money it lends to the poorer nations from members' quotes or subscriptions.

East Bloc Said To Buy Stolen Microchips

United Press International

SINGAPORE — Stolen computer microchips are being purchased on the black market in Southeast Asia, apparently for resale to East Bloc countries, Singaporean industry officials said Friday.

The private sector officials said tourists of several nationalities have been purchasing large quantities of microchips on the black market. They believe the microchips are subsequently being sold to the Soviet Union and other East Bloc countries keen to obtain Western technology.

Semiconductor plants in the Malaysian state of Penang have reported a spate of thefts, including hijackings of trucks carrying computer chips. Earlier this month, three men faked a traffic accident in Penang, and hijacked a truck carrying \$500,000 worth of microchips, police said.

The concern is that the breakup will not end the confusion, the legal battles, the endless regulatory hearings, and the congressional lobbying that has enveloped the industry for the past 15 years. In that case, the payoff from the breakup will be reduced.

Peter Behr has covered the breakup of AT&T for *The Washington Post*.

Washington Post Service

Allianz Abandons Its Bid for Eagle Star

(Continued from Page 11)

other ventures in the United States, Britain and Japan, though he conceded that the last market is hard to enter.

The German insurer wants to derive at least 25 percent of its premium income from abroad, up from the present 15 percent, the executive said.

The stock market Friday again endorsed BAT's latest diversification plan. BAT shares rose 11 cents to close at 179.

For BAT, Eagle represents the chance to diversify into financial services. BAT wants to reduce its dependence on tobacco, for which sales growth is slow in the richer countries. Last year, despite BAT's ambitious diversification moves, tobacco still accounted for 73 percent of trading profit.

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Washington Post Service

Mexico Gets \$3.8-Billion Bank Loan

By James L. Rowe Jr.
Washington Post Service

WASHINGTON — Mexico and its key bank lenders have agreed on a \$3.8-billion loan for 1984.

Officials of developed and developing countries said that under the proposal, the higher interest charges would be phased in gradually and be linked to concessions for developing countries in their access to enlarged IMF resources.

The United States has just gone through a congressional debate over costs of support for the 146-nation institution, and is leading the fight to end the interest-rate subsidy, with the strong backing of West Germany, the officials said.

The proposal is among the details that need to be ironed out before any more IMF resources can be drawn. Those drawings will be enlarged by 47 percent, to \$100 million next week.

Among countries that are waiting for new loans are Zaire, Nigeria, the Philippines and Yugoslavia.

U.S. banks also were pressured by the Federal Reserve Board chairman, Paul A. Volcker, to ease the terms on the new loan to Mexico. Bankers, angered by what they say is Mr. Volcker's unwarranted pressure, said easier terms for Mexico long had been a foregone conclusion. Last September, Mr. Rhodes said the company plans to "acquire more than 25 percent" of Warner's voting securities.

The move is the latest in a long series of stock transactions by Chris-Craft and Mr. Siegel, who has made good progress in slashing its spending, cutting inflation and reducing its need to borrow.

Brazil needs to borrow about \$2 billion more than it borrowed in 1983. Mexico's 1984 needs, by contrast, are \$1.3 billion less than they were in 1983, when the country borrowed \$5 billion from commercial banks.

Mexico has this year brought most of its overdue interest payments up to date and substantially reduced its inflation and budget deficit.

Mexico touched off the so-called Latin American debt crisis in August 1982, when it told its major lenders that it could no longer pay its debts on time. The country owes about \$63 billion to commercial banks.

Under the terms of the Mexican package announced Thursday, the nation will pay either 1½ percentage points above the short-term London interbank offered rate (Libor) or 1¼ points above the U.S. prime. The country must also pay a fee to the banks equal to 1% of the face value of the loan.

Or about \$24 million. The new loan will be for 10 years and Mexico does not have to begin paying principal until Sept. 30, 1989.

A year ago, Mexico had to pay 2½ percentage points over Libor, or 2½ points over the U.S. prime, in addition to a fee of 1½ percent — \$62.5 million — on the six-year loan.

Chris-Craft Lifts Stake in Warner To Become Controlling Shareholder

By Merrill Brown
Washington Post Service

NEW YORK — Chris-Craft Industries Inc. has become the controlling shareholder in Warner Communications Inc.

The move apparently blocks any attempt by Rupert Murdoch to gain control of the company, which he has a 7-percent stake.

Warner Thursday announced plans to purchase a 42.5-percent interest in a television subsidiary of Chris-Craft Industries Inc., which, after stock transfers, effectively makes Chris-Craft the largest Warner shareholder.

Chris-Craft, which holds 19 percent of the voting power of all Warner stock and the chairman of Chris-Craft, Herbert J. Siegel, said the company plans to "acquire more than 25 percent" of Warner's voting securities.

The move is the latest in a long series of stock transactions by Chris-Craft and Mr. Siegel, who has made good progress in slashing its spending, cutting inflation and reducing its need to borrow.

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SPORTS

Redskins: Castoffs Who Became ChampsBy Thomas Boswell
Washington Post Service

WASHINGTON — For the first part, the Washington Redskins are the all-pros nobody wants — the castoffs who became world champs, the scullers without proper pedigree who threaten to dominate their sport.

"Has any other National Football League champion been built to so large a degree with players who, before they arrived in Washington, had been either overlooked or judged worthless by NFL standards?"

"Football executives have a phrase for a player who has been released or put on waivers or, worst of all, never was drafted. They find such fellows 'out on the street.'

That's where the Redskins found nearly half their key players. Of the 49 on the current roster, 23 came on as free agents. That number is remarkable in itself, but not nearly as singular as the excellence of those bargain-basement players.

In the past two seasons, Mark Moseley, Joe Jacoby, Jeff Bostic, Mark Murphy and Mike Nelms have made all-pros or the Pro Bowl team and the Redskins have won 26 of 29 games. The Redskins brought all five off those free-agent streets. Jacoby and Bostic were not drafted; neither was Murphy.

In addition to 23 free agents, nine other current Redskins were so lightly regarded when they came out of college that they were not among the first 180 players picked in the NFL draft. Now they are preparing for Sunday's NFC semi-final game against the Los Angeles Rams.

In all, 32 Redskins, virtually two-thirds of the team, are players any team could have had but almost nobody wanted.

For comparison, the Cowboys have 26 players on their roster drafted in the first four rounds. The Redskins have nine.

Why were the Redskins attracted

to so many genuinely obscure players who did not prompt much interest around the NFL?

The key man in this project is General Manager Bobby Beathard, who says: "We try to be open-eyed."

Beathard maintains a healthy disrespect toward the procedures used by many other front-office wizards. "For instance, we don't pay too much attention to the grading done by the big scouting combines," he said. "Oh, we use their numbers [on a scale of 0.0 to 9.9] to eliminate suspects, but we try to look at a 4.0 as hard as an 8.0."

Actually, Beathard places little credence in the judgment of the three scouting combines — National, Blesto and Quadra. Beathard is convinced that it is key Redskins scouts like Charlie Casserly, Mike Allman, Dick Daniels and Kirk Mee can work harder and perhaps even see better than their peers. As a group, they are unconventional to the point of being daring and committed to the notion that much of the best football talent in America goes undiscov-

ered. Players like [Clint] Didier and [Mel] Kaufman were graded so low that it's embarrassing to talk about it," said Beathard. "We used those players to work out the players we were really looking at."

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Even the Redskins, however, are willing to admit the large element of good luck in their current group of discoveries.

Casserly spotted and recommended Jacoby, the 300-pound tackle. "He was big, strong and smart, but we didn't think he could move his feet fast enough," said Beathard. "Nobody was excited about him. Certainly nobody thought he'd be great. He was somebody to work with in camp. But you can't measure desire, heart. He was a high-IQ kid who was a tireless worker. Now, Jacoby is a tireless worker. Now, Jacoby is a

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